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EU 'Supports' Japan's Global Approach on Microchip Deals

OW2506042496 Tokyo KYODO in English 0353 GMT 25 Jun 96

[FBIS Transcribed Text] Brussels, June 25 KYODO — The European Union (EU) supports the global approach suggested by Japan for microchip trade after the existing Japan-U.S. bilateral accord expires at the end of July, Japan's vice trade minister said Monday [24 June].

Yoshihiro Sakamoto, vice minister of international trade and industry, told reporters that Horst Krenzler, director of the European Commission's external economic relations, expressed the EU support during their meeting in Brussels earlier in the day.

Earlier this month, Japan proposed a Japan-U.S.-EU trilateral forum to discuss the role of government in future semiconductor trade, and various other aspects including tariffs, barriers, regulations and copyright policies.

The forum would gradually expand to a global scale.

By proposing the idea, Tokyo aimed to terminate the 1991 government-level trade accord with the U.S. under which Japan is required to allow foreign-made semiconductors a 20 percent market share.

Japan's stance is that foreign microchips have an almost 30 percent share on the Japanese market now and the bilateral accord is no longer necessary.

The U.S., however, disagreed with the global approach at subcabinet-level talks held in Washington last week, and continued calling for an extension of the agreement, according to Sakamoto.

Sakamoto said, "it is very important that the EU now holds the same stance as Japan in looking for a trilateral or a multilateral forum for (semiconductor) talks."

UN's Ogata Discusses Indochinese Refugees

BK2506034596 Bangkok ASIA TIMES in English 25 Jun 96 p 8

[Interview with Sadako Ogata, UN high commissioner for refugees, by Alexander Casella "recently"; place not given — first nine paragraphs are ASIA TIMES introduction]

[FBIS Transcribed Text] When the United States announced last week its opposition to the reselection of United Nations Secretary-General Butrus Butrus-Ghali, many Japanese started dreaming of getting one of their most brilliant diplomats into the UN's top post.

She has yet to officially put forward her candidacy, but Sadako Ogata, the 68-year-old UN High Commissioner for Refugees (UNHCR), is already a frontrunner should Butrus-Ghali give up or lose the helm.

This granddaughter of a former foreign minister and daughter of a career diplomat, Ogata has directed the UNHCR since 1991 and earned herself a reputation for talent and efficiency.

She is touted in UN circles as possessing the necessary international experience and the authority to take the UN reins. Japanese diplomats are also quick to praise the first Japanese woman to hold senior positions in the Japanese Mission to the United Nations from 1976 to 1979.

A graduate of one of Japan's best women's colleges, the University of the Sacred Heart, Ogata holds a doctorate in political science from the University of California at Berkeley.

She has been credited with re-establishing the credibility of the UNHCR, an agency which employs 5,000 people and has an annual budget of US$1.3 billion.

Ogata was especially praised for her tough action in former Yugoslavia where she managed to draw the world's attention to humanitarian issues despite bitter political disputes among Western countries.

One of her outstanding contributions was the creation of UNHCR emergency teams which intervene within 48 hours if a crisis emerges.

Recently, she spoke to Asia Times contributor Alexander Casella about the UNHCR's Comprehensive Plan of Action (CPA) for refugees from Indochina coming to an end.

Q: The end of the CPA also marks the conclusion of the boat people crisis. What is your assessment of the course of events since the crisis began?

A: It is 20 years since the exodus from Indochina began in the aftermath of what has been described as the longest most devastating and most internationalized war since World War II.

During that period, close to two million persons left the three countries of Indochina, namely Laos, Cambodia and Vietnam. More than 1.2 million were resettled outside the region while almost half a million including 80,000 Vietnamese and close to 400,000 Cambodians returned to their country of origin.

UNHCR has spent more than US$1.5 billion on the Indochinese Refugee Program and resettlement countries have spent billions more to integrate refugees in their societies.

Two International Conferences were convened in an attempt to find solutions for boat people and Laotians and the resolution of the refugee issue was an integral part of the Paris Peace Accords on Cambodia. It is therefore safe to say that the Indochinese refugee crisis was one of the major events of the past 20 years.

Q: How do you view the international response to the crisis?

A: For the first time, a refugee crisis excluded a regional solution. The countries of Southeast Asia and Hong Kong accepted to let the boat people land only on the condition that they would be resettled in third countries.

The only exception was China which gave permanent asylum to some 280,000 people of Chinese origin. Thus, until 1989, resettlement outside the region was the only solution.

This demanded an international involvement that was unique. It is fair to say that the international response to the refugee problem was influenced as much by national, regional and global security concerns and foreign policy considerations as by genuine humanitarian compassion for the refugees.

Of course all refugee problems are inherently political. However, geopolitical interests and security considerations have rarely transformed the international principles of refugee protection as dramatically as in Southeast Asia.

Within the climate of the Cold War, the Vietnamese refugees were perceived by ASEAN countries as a security threat.

For this reason, they refused to receive the boat people except in transit to Western countries and principally to the United States. This of course created a major protection problem because it mode asylum conditional not on refugee status but on resettlement.

Q: How did you address this issue?

A: The solution lay in a comprehensive approach to the problem in which all parties would participate.

The first such solution was the 1979 Conference on Refugees of Indochina which guaranteed first asylum subject to resettlement and initiated the Orderly Repatriation Program from Vietnam.

However, what was perceived in 1979 as absolution — temporary asylum and resettlement — had become a decade later, precisely the problem. Conditions in Vietnam had stabilized but the exit flow continued mainly due to the lure of resettlement in the West.

However, the international support and resettlement opportunities dwindled when it was realized that most boat people were escaping for economic and not political reasons.

The second solution was the 1989 CPA which provided resettlement for genuine refugees and repatriation for the screened out. The CPA, however, could not be dissociated from a new political context which saw the end of the Cold War and the emergence of Southeast Asia as a region of regional cooperation and economic development.

Within this global picture, it was essential for UNHCR, in order to be credible, to have an early presence.

In Vietnam our presence predated the boat people crisis and was established in 1974 to address the re-integration of internally displaced persons.

Q: What do you see as the lessons for the future?

A: The end of the CPA coincides with the emergence of a new equilibrium in Southeast Asia. Refugees are essentially a phenomenon of the past while economic growth, labor needs in the region and increased mobility of people are the phenomenon of the future.

Nations in the region are becoming increasingly interdependent and have overcome the legacy of a long war. For UNHCR, the experience in Indochina has been invaluable. We learned to forsake old assumptions and fashion new concepts.

We learned to mix action with imagination and to work with a wide range of governmental and nongovernmental partners.

Finally, we demonstrated the need for an integrated approach to refugee issues as the CPA and Cambodia have shown. Refugee issues must be placed within a larger strategy of peace and development.

Our 20 years of involvement in Southeast Asia have vividly demonstrated that humanitarian action can buy time and space for political action, but it cannot be a substitute for the political will to either resolve conflicts or to prevent the outbreak of a new crisis.

PRC Asks DPRK To Cut Ties With Taiwan

OW2506025696 Tokyo SANKEI SHIMBUN in Japanese 20 Jun 96 Evening Edition p 1

[By reporter Masaru Soma]

[FBIS Translated Text] Hong Kong, 20 Jun — Relations between Taiwan and North Korea (DPRK) — in particular, their economic ties — seems to be expanding recently. For example, a vice ministerial- level DPRK official is scheduled to visit Taiwan shortly. However, it was learned on 20 June that the PRC Government formally asked North Korea early this month to discontinue exchanges with Taiwan. The Chinese Government has also expressed "displeasure" with North Korea, indicating that there is a strong sense of crisis over North Korea and Taiwan developing closer ties.

According to a diplomatic source in Hong Kong, Qian Qichen, Chinese deputy prime minister and concurrently foreign minister, met with Choe U-chin, DPRK vice minister of foreign affairs, early this month in Beijing. Regarding the Taiwan issue, Qian insisted that North Korea stick to the principle of "one China."

Qian asked Choe for an explanation on consultations on issues related to economic cooperation between North Korea and Taiwan that were held when a Taiwanese delegation visited the North Korean capital of Pyongyang late last month. Qian also asked Choe for an explanation on an aid request which North Korean authorities conveyed to the Taiwanese delegation, asking for 200,000 tons of food supplies. The North Korean official explained that due to last year's flood damages, North Korea is suffering from a critical food shortage. He also conveyed to the Chinese foreign minister North Korea's intention to strengthen economic relations with Taiwan.

Qian pledged to Choe that the PRC intends to continue providing further economic aid to the DPRK in the future. He also told Choe that the Chinese Government is "displeased" with North Korea's intention to strengthen ties with Taiwan and formally asked that North Korea discontinue exchanges with Taiwan. The North Korean official is reported to have simply replied: "I will report it to higher levels."

Regarding the Qian-Choe meeting, the Chinese state-run XINHUA NEWS AGENCY has reported that "Vice Minister Choe U-chin stressed that the party (Workers' Party of Korea) and the government fully respect and support the principle of 'one China' and the policy of 'one government, two systems'."

It has been reported that North Korea plans to dispatch Yi Song- nok, vice chairman (equivalent to vice minister) of the External Economic Affairs Commission [EEAC], to Taiwan to hold consultations with Taiwanese authorities about, among other matters, setting up a local office and opening airline services between North Korea and Taiwan. This will be the first visit by a North Korean vice minister-level official to Taiwan.

Since last month when North Korea and Taiwan began to actively move toward establishing closer ties, the PRC decided to extend economic aid to North Korea in such forms as providing food supplies, including 10,000 tons of rice and 10,000 tons of corn, and supplying materials, including coking coal and crude oil. Among other activities, Chinese and North Korean military delegations have exchanged visits, indicating that the PRC and North Korea have resumed mutual exchanges which had virtually stopped since the death of former DPRK President Kim Il-song in July 1994.

However, DPRK Secretary Kim Chong-il has reportedly expressed strong opposition to adopting the PRC's reform and open-door policy. Consequently, if EEAC Vice Chairman Yi were to actually visit Taiwan, it would indicate, all the more, that North Korea's "departure from the PRC" has progressed to a considerable degree.

Japan

Japan: Hashimoto Says Clinton Talks Unlikely To Focus on Trade

OW2506034396 Tokyo KYODO in English
0329 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Trade disputes between Japan and the United States over semiconductors, insurance and civil aviation are unlikely to be high on the agenda of his talks with U.S. President Bill Clinton scheduled for Thursday [27 June], Prime Minister Ryutaro Hashimoto said Tuesday.

Hashimoto acknowledged he has received a letter from Clinton calling for progress to be made in solving the trade row, and said, "if (such disputes) were to be a main topic of the talks, of course I would explain Japan's stance to (Clinton)."

However, the premier said, "I think the issue may be touched upon, but we are not likely to enter far-reaching discussions."

Hashimoto made the comment at a brief group interview shortly before leaving for Lyons, France, to attend a three-day summit Thursday through Saturday of the Group of Seven (G-7) industrialized nations.

Hashimoto said he hopes to take up issues of Asian interest at the summit, such as peace on the Korean peninsula and China's bid to join the World Trade Organization (WTO).

The premier is the only Asian participant in the meeting of the G-7, which comprises Britain, Canada, France, Germany, Italy, Japan and the U.S.

Russian President Boris Yeltsin has withdrawn from the meeting to concentrate on his campaign for the final run-off ballot in the presidential election July 3.

Hashimoto said the session is expected to express support for the economic reforms in Russia that have been pursued by Yeltsin.

Peace in Bosnia-Herzegovina and the Middle East are also topics Hashimoto wants the G-7 to discuss, as well as the linking of trade and human rights and international cooperation to achieve such goals as reducing poverty and infant mortality, he said.

On trade, Hashimoto emphasized that, despite a tendency for protectionism to emerge, he would "maintain the position of protecting free trade."

Tokyo Accepts Film Talks With U.S. Under Aegis of WTO

OW2506003296 Tokyo KYODO in English
2330 GMT 24 Jun 96

[FBIS Transcribed Text] Geneva, June 24 KYODO — Japan has decided to enter bilateral talks with the United States under the framework of the World Trade Organization (WTO) to discuss the Japanese photographic film and paper market, Japanese Government sources said Monday [25 June].

Japan conveyed the decision to the U.S. through its permanent mission to the Geneva-based global trade watchdog on the same day as the deadline for replying to a WTO complaint filed by the U.S. on June 13 about the allegedly closed nature of the Japanese market.

If the two sides fail to reach an agreement through bilateral talks under the WTO, which can last up to 60 days, the U.S. can ask the WTO to form a multilateral dispute-settlement panel.

If such a panel is formed, the issue will not be settled before the U.S. presidential election in November because it is expected to take more than six months for the panel to produce a verdict.

The U.S. took issue with Japanese laws and systems that it claims violate the rules of the General Agreement on Tariffs and Trade (GATT), which was replaced by the WTO in January 1995, and nullify and impair GATT benefits for foreign companies in Japan.

Washington says Japan's premiums and misrepresentation law unnecessarily restrict the use of sales incentives by foreign companies trying to enter the Japanese market.

Japan maintains the law has nothing to do with competition policy and that there are similar systems in Europe.

Another Japanese law named by the U.S. as a barrier to foreign access to Japan's markets is the large-scale retail stores law which regulates the opening of supermarkets, a major outlet for foreign film.

The Ministry of International Trade and Industry (MITI) rejects this argument, saying the market share of Eastman Kodak Co. of the U.S., which brought up the bilateral film row, has not been rising despite the expanding floor space of large retailers as a percentage of the country's total retail floor space.

The U.S. filing of the complaint followed an 11-month investigation under Section 301 of the 1974 trade law — which involves possible use of punitive trade sanctions — into the Japanese market based on a petition filed by Kodak.

Kodak filed the petition with the office of the U.S. Trade Representative (USTR) in May 1995, accusing Fuji Photo Film Co., which controls over 70 percent of the Japanese market, and the Japanese Government of collaborating to lock out foreign products through anticompetitive practices.

The USTR launched the probe in July last year, while asking Tokyo to accept bilateral film talks.

Japan rejected the U.S. call for such talks under the threat of the Section 301 provision, saying the U.S. filmmaker should file a case with the Japanese Fair Trade Commission if it sees competition problems in Japan.

Before reaching the July 2 deadline for filing a report on the probe, the USTR made a determination June 13 of "unreasonable practices" by the Japanese Government to block foreign access to the local photographic material market and lodged its complaint with the WTO.

Meanwhile, Japan reserved its answer to a U.S. request for bilateral talks outside the WTO to discuss alleged restrictive business practices in the Japanese photographic material market.

Japan will ask Washington for further explanation of the request before deciding what to do about it, MITI said.

In the petition to the USTR, Kodak cited Fuji Photo Film's powerful distribution structure — notably primary wholesalers exclusively carrying Fuji photo products — as a barrier to market access, saying Fuji Photo maintains the system by using complex rebates and other mechanisms.

The U.S. Government also determined the existence of anticompetitive activities in the Japanese market through the Section 301 investigation and called for bilateral talks on the issue, which it says are warranted by a GATT decision made in 1960.

Japan, the U.S., European nations and other GATT member states agreed that year to pursue bilateral resolution of anticompetitive issues for which they find it difficult to set international rules.

Japan: Fuji Comments on USTR's Decision on Film Trade Dispute

OW2506090696 (Internet) Fujifilm WWW in Japanese 14 Jun 96 (tentative)

[Fuji Photo Film Company's comment, issued 14 June, on the U.S. Trade Representative's decision regarding the film trade dispute; from the "News releases" link]

[FBIS Translated Text] Fujifilm today (at 1130 on 13 June Washington time) received a report saying that the Office of the U.S. Trade Representative [USTR] made a decision regarding Eastman Kodak Company's petition, filed under section 301 of the U.S. Trade Act, about the film trade dispute.

Although we have not yet closely examined the USTR announcement, we at the moment release the following comment.

Fujifilm has repeatedly rebutted Kodak's claims by objectively proving that Kodak's complaints are groundless and intentional [itoteki]. It has also demanded that a third-party organization should examine the bilateral trade dispute based on facts and give a ruling. Fujifilm has confidence that its position will be vindicated by such an organization.

In this sense, we regard the USTR's decision to shift the trade row to the World Trade Organization as virtual acceptance of our assertions.

For some unknown reason, however, the USTR has concluded there are trade barriers in the Japanese film market. This is unacceptable.

Fujifilm will continue to give its utmost cooperation to the Japanese Government. At the same time, it will tenaciously make its case to win better understanding.

For inquiries, contact Okamoto or Abe of the public relations office at 03-3406-2490 [Tokyo, Japan].

Japan: Senior Official Airs Concern Over U.S. Supercomputer Bill

OW2406112296 Tokyo KYODO in English 1059 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japan is concerned about a bill that might bar a U.S. Government body from purchasing a supercomputer from NEC Corp. of Japan, a senior Foreign Ministry official said Monday [24 June].

"If the United States discriminates over its administrative agency's purchase of a Japanese supercomputer, it will be very regrettable," Vice Foreign Minister Sadayuki Hayashi told a news conference.

The top career diplomat was commenting on the 1997 appropriations bill for the federal research body. The legislation has a clause calling for suspension of the salaries of staff who approve the purchase of any supercomputer determined by the U.S. Commerce Department as being sold below fair market value.

While the bill does not specifically name NEC, the Commerce Department has been pressing the National Science Foundation to cancel a contract it awarded last month involving the use of an NEC supercomputer, arguing the deal constitutes a bid below market value, an allegation that NEC denies.

Japan: Transport Minister Vows To Balance Airline Interests

OW2506051096 Tokyo KYODO in English
0443 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Japan will work to balance and support the interests of Japanese and U.S. passenger airlines when it resumes official aviation talks with the United States in Washington later this week, Transport Minister Yoshiyuki Kamei said Tuesday [25 June].

"Japan will seek to equalize business opportunities for Japanese and U.S. airline companies and, based on that principle, expand such opportunities for both sides," Kamei told a news conference.

At the two-day talks set to begin Thursday — the first official session on passenger airlines in nearly three years — Japan is likely to call for All Nippon Airways (ANA) to be included among carriers eligible for privileges under the 1952 Japan-U.S. Aviation Treaty.

Japan Airlines (JAL) is currently the only Japanese passenger carrier with such privileges, while two U.S. carriers — United Airlines and Northwest Airlines — enjoy such a status.

Tokyo is also complaining that Japanese privileged carriers are subject to more restrictions than their U.S. counterparts with respect to so-called "beyond rights," which allow carriers to carry passengers and cargo to third countries.

It is expected to ask for Japanese privileged airlines to be allowed to offer under beyond rights the same number of flights to the same number of destinations as their U.S. rivals.

Japan will also propose that the two nations radically expand opportunities for two each of their carriers outside the pact, boost the number of routes for beyond flights and establish a framework for joint air services by Japanese and U.S. airlines.

Japanese and U.S. negotiators held informal talks in Tokyo earlier this month, reaching a "truce" accord to temporarily approve outstanding requests to expand services on JAL's Sendai-Honolulu route and united's Tokyo-Los Angeles route.

Japan: Unofficial Insurance Talks To Start 25 Jun in Paris

OW2406134096 Tokyo KYODO in English
1245 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — The Finance Ministry announced Monday [24 June] that Japan and the United States will begin unofficial working-level talks on Tuesday in Paris to settle the ongoing dispute over access to the Japanese insurance market.

Attending the meeting will be Eisuke Sakakibara, director general of the International Finance Bureau at the Finance Ministry and Haruhiko Kuroda, deputy director general of the bureau.

On the U.S. side will be Ira Shapiro, senior counsel and negotiator at the Office of the U.S. Trade Representative, and James Southwick, deputy U.S. trade representative.

The bilateral row focuses on Japanese life insurance companies' entry through subsidiaries into the so-called "third sector" of the insurance market which covers illness, accident and nursing insurance.

Foreign insurers are currently strong in this sector. The United States has proposed that Japanese subsidiaries be allowed to enter only after liberalization of the primary insurance market in Japan is confirmed.

While entry is due to start in October, Finance Minister Wataru Kubo, in recent talks with U.S. Ambassador to Japan Walter Mondale, offered a concession by proposing a three-month delay.

Mondale reportedly rejected the offer and made new proposals regarding access to Japan's insurance markets.

Japan: Sakakibara Says Insurance Issue Settlement 'Unlikely' in Paris

OW2506140496 Tokyo KYODO in English
1345 GMT 25 Jun 96

[By Kohei Murayama]

[FBIS Transcribed Text] Paris, June 25 KYODO — Japanese and U.S. negotiators are unlikely to immediately resolve their bilateral dispute over the 1994 insurance agreement, a senior Japanese official said Tuesday [25 June].

"We are unlikely to narrow the gap here today," Eisuke Sakakibara, director general of the International Finance Bureau at Japan's Finance Ministry, told KYODO news before starting one-day talks with his U.S. counterpart in Paris.

Sakakibara said, "The two nations are expected to continue talks even after the Lyons summit to resolve the dispute."

Sakakibara and Ira Shapiro, senior counsel and negotiator of the office of the U.S. Trade Representative, met at the office of the U.S. delegation to the Organization for Economic Cooperation and Development.

The one-day discussions are being held ahead of the summit meeting of the Group of Seven industrial nations starting Thursday in Lyons, southeast of Paris.

Shortly before the G-7 summit, Japanese Prime Minister Ryutaro Hashimoto and U.S. President Bill Clinton are scheduled to meet to discuss bilateral issues, including insurance.

Sakakibara said the insurance talks could be extended into Wednesday.

The two nations remain at odds over Japanese life insurance companies' entry through subsidiaries into the so-called "third sector" of the insurance market which covers illness, accident and nursing insurance.

Foreign insurers are currently strong in this sector. The United States has proposed that Japanese subsidiaries be allowed to enter only after liberalization of the primary insurance market in Japan is confirmed.

Japan: MOFA on Lyons Summit, Trade With U.S., Others

OW2506014796 (Internet) Japanese Ministry of Foreign Affairs WWW in English 21 Jun

[News conference by Japanese Ministry of Foreign Affairs spokesman Ken Shimanouchi with unidentified reporters on 21 June; place not given; from the "What's New" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Introduction to the Press Conference and Announcements to the Press

A. Visit to Japan by President Zine El Abidine Ben Ali of the Republic of Tunisia

B. The Lyon Summit home page II. Possible views at the Lyon G-7 Summit on the Four-Party Conference proposed by the United States and the Republic of Korea III. Possible topics of discussion at the Cheju Summit IV. Reshuffle of three aides in the Government of the Russian Federation V. Japan-Russian Federation territorial issue VI. Japan-United States trade relations VII. Japan's financial contribution to the Common Agenda VIII.Aid to the Republic of Yakutiya IX. The Senkaku Islands X. Takeshima Island XI. Cuts in funding for the Korean Peninsula Energy Development Organization (KEDO) by the United States of America XII. Visit of Minister for Foreign Affairs Yukihiko Ikeda to Ukraine

I. Introduction to the Press Conference and Announcements to the Press

A. Visit to Japan by President Zine El Abidine Ben Ali of the Republic of Tunisia

Spokesman Ken Shimanouchi: Before I take your questions, I would like to make two very brief announcements. My first announcement pertains to the visit to Japan by President Zine El Abidine Ben Ali of the Republic of Tunisia and Mrs. Ben Ali. President Ben Ali and Mrs. Ben Ali will pay a State Visit to Japan 9-12 July 1996. During their stay in Japan, President Ben Ali and Mrs. Ben Ali will make a State Call on Their Majesties the Emperor and Empress of Japan. Their Majesties the Emperor and Empress of Japan will host a State Dinner in honor of President Ben Ali and Mrs. Ben Ali.

President Ben Ali will also have official talks with Prime Minister Ryutaro Hashimoto. The Government of Japan heartily welcomes the visit of President Ben Ali and Mrs. Ben Ali. Let me give you a little bit of background on this visit. Tunisia has been pursuing a very moderate and realistic foreign policy. Its economy is well-managed and in good shape and the domestic situation is stable. Tunisia is playing an important role in maintaining peace and stability in Northern Africa and the Middle East. We believe that strengthening friendly and cooperative ties with Tunisia is significant from both the political and economic perspectives. We believe that the visit by President Ben Ali will provide the opportunity for the two countries to further strengthen their bilateral relationship.

B. The Lyons Summit home page

Spokesman Ken Shimanouchi: My second announcement is about the Lyons Summit home page of the Ministry of Foreign Affairs; I think you have the handouts in front of you. Starting today, 21 June, we will be making information available related to the G-7 Summit at Lyon through the Ministry of Foreign Affairs home page. This service will be provided in both English and Japanese. You will find the URL on the more colorful of the two sheets that we have handed out to you. Some of the information is already available on the home page. Other items, such as the official documents of the summit and transcripts of our Press Conferences and Briefings at Lyon will be put on the home page as soon as they are available. For your information, this home page will have links to the home page at the Prime

Minister's Office and also the home page of the Ministry of Foreign Affairs of the French Republic.

Those are the announcements that I wanted to make, and I will be delighted to respond to any questions that you might have.

II. Possible views at the Lyons G-7 Summit on the Four-Party Conference proposed by the United States and the Republic of Korea

Q: In yesterday's press conference, Prime Minister Ryutaro Hashimoto said that he will reflect as much as possible in the G-7 Summit in Lyons what he has discussed with President Kim at the Cheju Summit this weekend. He also hopes to contribute to the stability of the Korean Peninsula through that. In regard to this, are there any plans on behalf of the Japanese Government to make any kind of statement from the G-7 supporting the four-way talks proposed by the United States and the Republic of Korea.

A: What Prime Minister Hashimoto will discuss at the Lyons Summit is up to the Prime Minister himself. I think you are well aware of the Japanese position on the proposed Four-Party Conference. We believe that, for peace and stability on the Korean Peninsula, dialogue between the Republic of Korea and North Korea is essential, and we strongly support the proposed Four-Party Conference. What Prime Minister Hashimoto will say in Lyons will reflect this basic position of Japan.

Q: So, is it untrue that the Japanese Government will move for any kind of statement by the G-7 itself?

A: What goes into a G-7 statement reflects the actual discussions at Summit meetings. I cannot speculate on what the statement will say or will not say.

III. Possible Topics of Discussion at the Cheju Summit

Q: On the topics of discussion between the Prime Minister and the President on Cheju Island from tomorrow — will sensitive issues like the comfort women issue be discussed at this Summit?

A: The purpose of the visit is to discuss three key areas — the bilateral relationship, the situation in Northeast Asia, and international affairs — and also to reaffirm through these talks the importance of friendly and cooperative ties between the two countries. I would like to refrain from going into the specifics of what might be discussed on Cheju Island.

Q: Are there any difficulties in setting up the topics of the discussion, because on Tuesday, the Director-General of the Asian Affairs Bureau was here and also discussed it. This morning it was reported that since there was so much disagreement on these kinds of sensitive issues that these will not be discussed, is that true?

A: We had a number of preparatory talks at the official level. Director-General Ryozo Kato of the Asian Affairs Bureau visited Seoul last weekend, and his counterpart was in Tokyo earlier this week. I am not in the position to disclose what was discussed between the officials of the two sides.

IV. Reshuffle of Three Aides in the Government of the Russian Federation

Q: President Boris Yeltsin of the Russian Federation yesterday dismissed three members of his administration. What is Japan's stance on this situation in Russia?

A: With regard to the reshuffle of his aides, this is a domestic issue of the Russian Federation, so I do not have any comments to offer on this matter, except to say that we will be watching very carefully how this reshuffle might affect the presidential election and the domestic situation in general in the Russian Federation. We are interested.

Q: Don't you think this reshuffle can affect in some way the Japanese-Russian relations, especially with regard to the territorial issue?

A: I do not want to speculate on what effect this reshuffle will have on the bilateral relationship. We see this as a domestic issue for the Russian Federation. As you know, last April, Prime Minister Hashimoto met President Boris Yeltsin of the Russian Federation at the time of the Summit on Nuclear Safety and Security in Moscow. The two leaders reaffirmed that the two countries would be further developing bilateral ties based on the 1993 Tokyo Declaration. It was also agreed that it was important to revitalize the negotiation on the peace treaty at the level of foreign ministers. It was further agreed by the two leaders that, when the elections are over, the working group on the peace treaty at the level of vice-minister will be resumed. Since this year is the 40th anniversary of the resumption of diplomatic ties between the two countries, we hope to pursue these objectives energetically.

V. Japan-Russian Federation territorial issue

Q: In regard to the territorial issue between our two countries, Minister of Foreign Affairs Primakov delivered a speech on Wednesday mentioning the territorial issue, and he proposed to postpone the settlement of the territorial issue. Can Japan accept this idea?

A: I am not aware of exactly what was said in that speech. However, as you are fully aware, it was agreed in the Tokyo Declaration of 1993 that the two countries would resolve the territorial issue, conclude a peace treaty, and fully normalize their bilateral ties. We strongly feel that this is an issue that has to be addressed by the present generation and it should not be deferred to future generations. On 20 June, we made representations to the Russian Foreign Ministry through our Embassy in Moscow. In this meeting, a member of our Embassy said that if the reported comments by Minister of Foreign Affairs Evgenii Maksimovich Primakov of the Russian Federation are the same as the statement he made in January, then this is not in keeping with the positions taken by the two Governments as agreed to in the Tokyo Declaration, and this is not acceptable to the Japanese side.

Q: Foreign Minister Primakov of Russia tried to compare the nature of the territorial dispute between Japan and China to the nature of the territorial dispute between Russia and Japan. Do you think that this comparison is acceptable?

A: It is impossible to compare the two, because between Japan and China, there does not exist any territorial issue.

VI. Japan-United States Trade Relations

Q: I have a question on U.S. trade issues and their implications for foreign relations. Yesterday, a deputy of Mr. Kantor was here expressing disappointment about the construction talks with Japan. Semiconductor talks are continuing and there are some differences between the U.S. and Japan. There is a move in Congress in Washington to — and also by Mickey Kantor himself — to give a major super-computer sale to an American company rather than a Japanese company. Are you concerned that election year politics are beginning to impact Japan-U.S. trade-relations?

A: There is agreement between the two sides that economic issues should be dealt with calmly in a non-political way, and that these issues should not be allowed to affect the overall relationship. The discussions between the two Governments on a number of issues are now being conducted in keeping with this spirit.

VII. Japan's Financial Contribution to the Common Agenda

Q: Last week Under-Secretary Wirth was here, and the AID Director is here next week talking about this Common Agenda. Do have any figures as to how much Japan is contributing financially to this very broad range of projects? I understand Japan is carrying the bulk of the financial contribution? Can you say how important this is for Japan?

A: Let me answer the second part of your question first. This is one of the key elements of the bilateral relationship. We have the security and political aspect, the economic and trade aspect, and the third pillar is global cooperation which the Common Agenda is a very important part of. Cooperation on the Common Agenda is of course important for both Japan and the United States. But, also it is important for the entire international community since the Common Agenda deals with issues that have important implications for the entire international community. I think the importance of the Common Agenda should be viewed in those terms. With regard to specific figures — how much the two countries are contributing to the implementation of the Common Agenda — I do not have any written figures. I will have to get back to you on that.

VIII. Aid to the Republic of Yakutiya

Q: Maybe you can't answer this question now. I am interested in a Republic in the Far Eastern region of the Russian Federation, it is the Yakutiya Republic. Has Japan been granting any official development assistance to this Republic, or is it planning to grant some assistance to this Republic in the near future.

A: It is my understanding that we give assistance to the Russian Federation and the distribution of the Japanese support is something the Central Government of the Russian Federation has the final say in. That is how the system works.

Q: I have just heard that recently, maybe it is a rumor, that some private Japanese companies are engaged in some programs vis-a-vis the Yakutiya Republic. Maybe you can confirm this?

A: You are referring to the activities of private companies in the Russian Federation. The Ministry of Foreign Affairs is not aware of this activity in the private sector. We will try to find out.

IX. The Senkaku Islands

Q: You stated that there is no territorial dispute between China and Japan. Isn't there a dispute between China and Japan regarding the Senkaku Islands?

A: The Senkaku Islands have always been Japanese territory under the effective control of Japan, and therefore no territorial dispute exists between Japan and the People's Republic of China.

X. Takeshima Island

Q: Would that position be the same for Takeshima island?

A: Our position on Takeshima Island has been consistent and you are well aware of it. I will not repeat it here.

XI. Cuts in funding for the Korean Peninsula Energy Development Organization (KEDO) by the United States of America

Q: Yesterday the U.S. Congress, both houses, voted to cut the funds for U.S. involvement in the nuclear projects in North Korea via KEDO. Is Japan aware of this? Are you concerned at all about the fact that the U.S. Administration is concerned about the cuts? And, are you concerned that this may in some way damage the agreement on nuclear cooperation?

A: I have not read those reports. This is a joint endeavor by Japan, the Republic of Korea, and the United States. It is important that the three countries cooperate closely and contribute to the success of the process.

XII. Visit of Minister for Foreign Affairs Yukihiko Ikeda to Ukraine

Q: There were reports that the Foreign Minister of Japan is going to visit three East European countries after the Summit in Lyon. One of these countries is Ukraine. Can you share with us the information of the main purpose of the visit and the agenda?

A: Our position regarding Ukraine is that we wish to strengthen the bilateral ties between Japan and Ukraine and to extend support to the reform efforts that President Kuchma of Ukraine is now promoting. The bilateral ties between Japan and the Ukraine have been developing very smoothly, particularly since President Leonid Kuchma's visit to Japan last March. Since this will be the first visit ever by a Japanese Foreign Minister to Ukraine, we would like to give further impetus to the development of bilateral ties between the two countries through the visit of Minister for Foreign Affairs Yukihiko Ikeda.

Q: Is the foreign minister, during his meeting with Ukraine officials, going to discuss in any way the situation in Russia?

A: I think we are still working on the agenda. I don't have any information here regarding the possible agenda for his meetings in the Ukraine.

Q: Are there plans to sign some agreements with the Ukraine?

A: I am not aware of any plans. The main message that we wish to convey to the people of Ukraine at the time of this visit is that Japan intends to support Ukraine's reform efforts. That is the main focus of this visit. Thank you very much.

Japan: U.S. Navy Expected To Deploy Aegis Destroyer at Yokosuka Base

OW2506045496 Tokyo KYODO in English
0359 GMT 25 Jun 96

[FBIS Transcribed Text] Yokosuka, Japan, June 25 KYODO — One of the most modern destroyers in the U.S. Navy will be deployed at a U.S. base at Yokosuka, south of Tokyo, from Sept. 30, the Navy announced Tuesday [25 June].

The 8,315-ton destroyer Curtis Wilbur will replace the McClusky, a 4,100-ton guided missile frigate currently deployed at the naval base in Kanagawa Prefecture, it said.

Commissioned in March 1994, the Curtis Wilbur will be the first Arleigh Burke-class destroyer to bases outside the United States, the Navy said.

It said the ship is equipped with the Aegis weapon system, which is a combination of radar and computers capable of shooting missiles at dozens of different targets simultaneously.

In a statement, the U.S. Navy said deploying the destroyer at the Yokosuka base "demonstrates continued U.S. commitment to the security of the Pacific region and defense of Japan."

Japan: U.S. B-1 Bomber Makes Emergency Landing in Okinawa

OW2106134896 Tokyo KYODO in English
1346 GMT 21 Jun 96

[FBIS Transcribed Text] Naha, Japan, June 21 KYODO — A U.S. B-1 bomber made an emergency landing Friday [21 June] at the Kadena Air Base in Okinawa Prefecture for maintenance.

According to U.S. Air Force sources in Okinawa, the bomber, which left a Kansas air base earlier in the day en route for an air show in Indonesia, developed some fuselage trouble.

It is not yet known when the troubleshooting and maintenance will be completed.

Municipal officials asked the U.S. military to see that the bomber leaves the air base as soon as the maintenance is completed.

The officials fear such emergency landings might lead to more frequent landings of B-1 bombers, advanced warplanes that have so far rarely visited the Kadena Air Base.

Japan: Fukushima Governor Opposes Proposed U.S. Use of Range

OW2506101896 Tokyo KYODO in English 0934 GMT 25 Jun 96

[FBIS Transcribed Text] Fukushima, Japan, June 25 KYODO — Fukushima Gov. Eisaku Sato expressed opposition Tuesday [25 June] to the nomination of a Self-Defense Forces (SDF) firing range in Fukushima Prefecture, northern Japan, as a possible site for the U.S. military's live-fire drills.

Sato told the prefectural assembly that he would deal with the issue "appropriately" as local residents fear the possible transfer of U.S. military drills from Okinawa Prefecture to the SDF's Nunobikiyama Range in Fukushima.

The assembly unanimously adopted a resolution opposing such a move, for submission to Defense Agency chief Hideo Usui on Wednesday.

The U.S. military has agreed to relocate its artillery exercises from the firing range in the southwestern island prefecture because they involve the firing of live ammunition across a prefectural highway.

The Nunobikiyama Range is one of nine Ground Self-Defense Force sites suggested as alternatives to the Okinawa one.

The U.S. military will study by the end of this month all nine sites suggested for possible future use. Besides the one in Fukushima, others are located in Hokkaido, Miyagi, Yamanashi, Shizuoka, Niigata, Shiga and Oita Prefectures.

Tokyo and Washington plan to officially decide on the transfer this summer following their agreement in April to reduce the number of drills and U.S. bases in Okinawa, Japan's southernmost prefecture.

Okinawa Prefecture, which makes up less than 1 percent of Japan's total land area, is home to about 75 percent of U.S. military facilities in Japan in terms of land area and about half of U.S. troops stationed in Japan under bilateral security arrangements.

Japan: Base Referendum Expected To Give 'Tremendous' Impact

OW2206063396 Naha OKINAWA TIMES in Japanese 22 Jun 96 Morning Edition p 3

[FBIS Translated Text] On 21 June, the Okinawa Prefectural Assembly approved a proposal to call a referendum to ask local residents whether or not they support a reduction in U.S. bases in the prefecture, placing the central government in a very difficult position. It is very certain that a majority of Okinawa residents, who have been forced to tolerate a heavy concentration of U.S. bases in the prefecture since the war, will say "no" to U.S. bases in the referendum. Although the outcome of the referendum is not legally binding, it will have a tremendous political impact.

The referendum is expected to be held in September, a very delicate time because Tokyo and Washington will be in the middle of final negotiations at the Special Action Committee on Okinawa (SACO) to issue a final report in November on how U.S. bases in the prefecture will be reduced, and because it coincides with a planned Japan-U.S. summit at the time of a UN General Assembly meeting. The central government has been caught in the crossfire between Okinawa and Washington, which considers it a matter of course to maintain the functions of U.S. bases. With no effective measures to deal with the situation, the government is increasingly worried about a possible "crisis in September."

On the afternoon of 21 June, Prime Minister Ryutaro Hashimoto told reporters: "The impact (of the enactment of the ordinance for the referendum) will be tremendous. This has made the issue more complicated."

Tokyo has given a virtual pledge to Washington that it will work out plans for the relocation of U.S. bases listed in the SACO's April interim report, including one to construct a new heliport in conjunction with the return of Marine Corps Air Station Futenma, before SACO issues a final report.

However, the prefectural government, which calls for the "complete abolishment of U.S. bases by 2015," has voiced strong opposition to the relocation of U.S. bases within the prefecture. If a majority of Okinawa residents vote in the referendum for a "cut in U.S. bases and the review of the Japan-U.S. Status of Forces Agreement," this may put a brake on the government's work to draw up relocation plans.

Another headache for the prime minister is the issue of enacting special legislation to accelerate procedures for forced use of land for U.S. bases, including the Sobe Communication Facility (known as the elephant cage), in Okinawa.

Okinawa Governor Masahide Ota intends to reject the central government's request for making a proxy announcement on expropriation of land for U.S. bases, a procedure needed for forced use of land for the U.S. military. On 24 June, Prime Minister Hashimoto will urge the governor to comply with the request and take steps to help ensure the continued use of a plot of land inside the Sobe Communication Facility. If his attempt fails, Hashimoto will be forced to take the case to court, and this may give an impetus to the movement to enact special legislation.

Tokyo Plans To Discuss 3-Stage Emergency Strategy With U.S.

OW2406101796 Tokyo KYODO in English 0950 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — The government will specify joint actions to be taken with the United States before, during and after military conflicts around Japan under a three-stage strategy for new bilateral defense cooperation guidelines, government sources said Monday [24 June].

The strategy will cover prevention of conflicts, joint response to conflicts, and postconflict measures such as U.N. peacekeeping operations, humanitarian aid to refugees and reconstruction efforts, the sources said.

With the clearly defined joint action strategy for military situations in areas immediately surrounding Japan, the new guidelines will stress bilateral security roles in handling local conflicts, they said.

The government plans to propose the strategy to the U.S. when U.S. Defense Undersecretary Walter Slocombe visits Japan on Friday, th sources said.

Japan and the U.S. agreed in a joint security declaration issued in April to review the present guidelines, established in 1978 to lay down rules of joint response to direct invasion of Japan.

Tokyo expects to obtain a nod from Washington on a proposal to formally establish a bilateral committee on the issue for an initial meeting in July.

The proposals for the new guidelines will be reported to a session of a minister-level Japan-U.S. security committee to be held in the U.S. at the end of September.

The two countries have agreed that the new guidelines should be set within the framework of the Japanese Constitution, which prohibits use of military forces in solving international conflicts.

Japan: Political Fallout of Emergency Cooperation

OW2406150096 Tokyo EKONOMISUTO in Japanese 11 Jun 96 pp 68-71

[Article by Takao Yamada, MAINICHI SHIMBUN political reporter: "Logic in Nagata-cho, where "Protection of the Constitution" Prevails Over a "Conservative-Conservative Alliance"]

[FBIS Translated Text] **The LDP's Unvacillating Attitude**

Political circles' discussions about Japan's security policy have become concrete and realistic in contrast to former times. The greatest reason is that with the decline and the change of policy by the Social Democratic Party [SDP], discussions about wars or civil wars, connected with the PRC or North Korea, are no longer taboo. However, there is no sign that discussions will turn towards the direction of "we had better amend the Constitution," or "we should change the interpretation of the Constitution regarding the right of collective self-defense." For a time there was a view that "the study of emergencies will prompt a discussion about constitutional amendment and will lead to a conservative-conservative alliance." However, things have moved in the opposite direction. The study of emergencies has converged on the protection of the Constitution, and concrete policy discussions without ideologies have begun, setting forth "discussion within the framework of the Constitution" as a premise. An upcoming general election has something to do with this situation. Lawmakers do not want to lose their votes by strongly advocating amendment of the Constitution. However, even if this fact is taken into consideration, it is difficult to discern a picture of confrontation in essential parts. The view that "security" will become the axis of confrontation for another political realignment seems to have been a myth.

Politicians' remarks about security policy, the constitutional problem in particular, often differ according to time and circumstances; therefore, superficial observation makes one lose sight of the essence of things. For example, former Prime Minister Yasuhiro Nakasone, an out-and-out reformer of the Constitution, wrote the "Song of Constitutional Amendment" in 1956. By the way, the words of the song are as follows: "As long as this Constitution exists, Japan's unconditional surrender lasts. To observe Mac's [General Douglas MacArthur] Constitution is to become servants of MacArthur...." However, when Nakasone became the Defense Agency's director general, he said that "he had no intention to immediately place constitutional amendment on the political agenda." He said the same thing when he formed his own cabinet later. He assumed a businesslike attitude — he demanded constitutional amendment when he was outside the cabinet, but he abstained from doing that when he came into power.

The same is true of Chief Cabinet Secretary Seiroku Kajiyama. In January this year, Kajiyama wrote an article titled "Mr. Hashimoto, do not be long about it" for the February issue of the monthly magazine BUNGEI SHUNJU. He said in the article: "We must reconsider constitutional interpretation concerning the right of collective self-defense." "We should discuss whether the interpretation of the Constitution as well as the current legal system is compatible with the actual situation of our society. If something is wrong with them, we should have the courage to amend them." Immediately before the sale of this magazine, the Murayama administration stepped down; and immediately after the sale, Kajiyama became chief cabinet secretary of the Hashimoto cabinet. It is common knowledge that Chief Cabinet Secretary Kajiyama has consistently advocated the protection of the Constitution as spokesman for the present administration.

When Nakasone had a talk with Kajiyama on 9 May, he urged Kajiyama's special consideration for maintaining the coalition with the SDP. In Okinawa the deadline for the forced land usage by the U.S. armed forces expires in May 1997, and there are some 3,000 new landowners who are expected to demand the return of their land. It is said that Nakasone gave Kajiyama the following warning: "To cope with such a situation, it is absolutely necessary for the present cabinet to continue to take in the SDP. If the SDP leaves us, we are likely to have an uproar like the one triggered by the Japan-U.S. Security Treaty in 1960."

As Nakasone and Kajiyama, who are generally regarded as the provokers of a "conservative-conservative alliance" within the government and the Liberal Democratic Party [LDP], assume such an attitude, discussions about the Constitution that are likely to cause political strife have completely been hushed. In contrast to these two men, former Prime Minister Kiichi Miyazawa, who has consistently adhere to the "protection of the Constitution," has begun to show a positive attitude toward the discussion about emergencies. This has played the role of standardizing the width of discussion within the party and of prompting a realistic discussion. Miyazawa insists that "it is against the Constitution to exercise the right of collective self-defense and there is no need to change the interpretation, but that it is natural to have a concrete discussion by way of precaution should an emergency arise around Japan."

At present there is no prominent discussion about the Constitution within the LDP. Of course, Secretary General Koichi Kato assumes the position that "we should have a practical discussion about "emergency" within the framework of the Constitution." Policy Research Council Chairman Taku Yamasaki, who forms part of the YKK trio with Kato, stands near Kato, with a background of Nakasone's intentions, who was the great boss of the former faction. Yamasaki's complicated position is reflected in his remarks. In short, on the one hand Yamasaki strongly advocates "discussion about emergency within the framework of the Constitution," but on the other hand he never neglects to touch on the change in constitutional interpretation or on the amendment of the Constitution as a mid-to-long-term task.

"Emergencies" as Conceived by the Prime Minister

Now, on the basis of the situation the LPD is in, what Prime Minister Ryutaro Hashimoto, who is in charge of administration, is thinking? On 17 April, at a joint news conference held after the Japan-U.S. summit, the prime minister said: "We have been able to live in peace for 51 years since our defeat in World War II. For this reason, we have not thought about emergencies very much, in my opinion.

I think it unfortunate that the ongoing discussions about emergencies have started from abstract discussions about the Constitution or emergency legislation. There must be what we can do under the present legal system. It is our own responsibility to study about that. We must devote deep study to what we can do and what we cannot do so that the Japan-U.S. security system can function smoothly and can be operated efficiently in case of emergency."

As emergency cases, the prime minister most frequently refers to measures for refugees and to the rescue of overseas Japanese . Measures for refugees mean how to deal with a great influx of refugees into Japan when this becomes a reality due to the outbreak of a crisis in the Far East. Concretely, the prime minister may be imagining the following cases: the collapse of the political system in North Korea; a clash of arms between North and South Korea; the outbreak of a civil war in the PRC following the demise of Deng Xioping. Although China watchers and North Korea watchers may object to such a view, at least the prime minister has a critical mind to deal with the situation realistically.

The prime minister says: "Suppose these refugees are going toward Japan. What should patrol boats and self-defense vessels should do on the sea to cope with such a situation? What if they have weapons? Are there enough facilities following their landing? What to do with ships used by refugees? Please attend seriously to these matters."

The rescue of overseas Japanese is a concrete task. Is Japan fully prepared for the rescue of remaining Japanese in case a war or a civil war breaks out overseas? On the basis of the experiences gained during the Gulf War, the government amended the Self-Defense Forces Act in 1994, approving the use of self-defense airplanes. However, the number of overseas Japanese is so large at present that mass transport by ships is necessary. From this arises a critical mind that it is necessary to secure the means of transportation by self-defense vessels through a second amendment of the Self-Defense Forces Act.

These are images of an emergency conceived by the prime minister who, having a dislike for "abstract ideas," emphasizes realistic approaches. Concerning cooperation with the United States in the event of an emergency, the prime minister confined himself to making an abstract remark that "stability in the Asia-Pacific region is important." Chief Cabinet Secretary Kajiyama is active in making comments in this regard. However, Kajiyama is conspicuous by making frequent references to cases in which Japan is directly involved in conflicts. At a news conference on 21 May, he said, "If Japan cannot do anything unless missiles launched by an enemy actually come within its territorial sky or waters, the Japanese people will surely suffer serious damage. When such an attack occurs, naturally we must use defensive weapons."

His insistence is that when missiles are flying from North Korea, it is natural for the Self-Defense Forces to counterattack by firing missiles in cooperation with the U.S. armed forces. His positive references to a "war scenario," about which the prime minister does not want to talk, can be construed as an encouragement directed at a "conservative-conservative alliance." However, it is possible to judge his true intention as follows: "In principle, I am for the "protection of the Constitution" including constitutional interpretation, but in case of emergency, I will deal with the matter realistically by enlarging the sphere of the right of individual self-defense." We should rather take this as the "declaration of protection of the Constitution" of the Kajiyama style.

The New Frontier Party [NFP] is Divided

The prime minister's and the chief cabinet secretary's remarks that were made with reference to supposed troubles from North Korea would have been quite absurd, wild words if they had been uttered in the Diet under the 1955 system with a background of the Cold War between the East and the West. However, with the end of the Cold War, the SDP, which had been in the van of the attack in the Diet, has declined. When former SDP chairman Tomiichi Murayama became prime minister, a policy change was made concerning the Japan-U.S. Security Treaty and the Self-Defense Forces, which had been under continuous discussion during the chairmanship of Makoto Tanabe and Sadao Yamahana. People who still keep a strict vigilance over these matters as in the past are: Tsuruo Yamaguchi and Shun Oide [SDP members]; Yanosuke Narazaki [Citizens' League-Democratic Reform Union]; Hideo Den [Upper House Forum]. These are members of a "lawmakers' group that keeps watch over the redefinition of the Japan-U.S. Security Treaty and takes appropriate action," but they lack political power. Upper House member Osamu Yatabe, who is a guru on the security treaty, and who left the SDP because of his dissatisfaction with its current situation and formed the "New Social Democratic Party," cannot secure five seats necessary for the right of interpellation in plenary sessions of the Upper House and has been heard of no more. Representative Masayoshi Takemura, Secretary General Yukio Hatoyama, and the great majority of members of New Party Sakigake approve, in principle, of the way the Hashimoto administration is dealing with the discussion of the security treaty.

The New Frontier Party is the only party that has much discussion about the Constitution. This party is a conservative opposition party, and it is conceivable that it will reveal its true intentions because of being an opposition party, and that it will make many remarks based on political maneuvers in order to win power.

First, let us look at NFP chief Ichiro Ozawa. As a cardinal defense strategy, he advanced a bold proposal: change from "exclusive defense strategy" to "peace creation strategy;" provision of the Self-Defense Forces for the United Nations as UN waiting forces. This proposal forms the core of his "normal country" theory which has become a synonym for his book "Japan Reformation Program" published in 1993. Ozawa advanced a concrete proposal on the amendment of the Constitution in the passage following his normal country theory. Ozawa's cardinal stance is: "It is impossible to accept a "negative security policy made within the framework of the constitutional interpretation that does not approve of the right of collective self-defense."

Ozawa held talks with Prime Minister Hashimoto on 19 March and 22 April, which was held exclusively for the two party heads. At the two meetings, Ozawa indicated that discussions about the security treaty and the Constitution were inadequate. It is said that he made a special request to the prime minister who tended toward discussion about individual policies by saying that "it will not do unless we have a discussion from a basic point of view instead of from a minor point of view." When asked by reporters about this matter following the second meeting, the prime minister said, "I do not discuss things from a broader point of view. As the representative of the government, I do things step by step. Mr. Ozawa discusses things from a broader point of view." The prime minister admitted that there was a discussion about the security treaty between Ozawa and Hashimoto, and that there was not so much a difference of opinion as a difference in a basic approach.

Hashimoto's remark that "Ozawa and I are different" is important; for the Ozawa-Hashimoto meeting was

Ozawa's move to ask Hashimoto to form a union of two conservative forces with him. Therefore, the fact that Hashimoto resolutely refused this can be taken as a dividing ridge of the political situation.

Ozawa believes that a positive, resolute strategy to create peace must be the dominant principle of security policy. Ozawa's belief can be accepted as a belief. However, the fact is that Ozawa had used every maneuver with "emergency" as a lever. When Prime Minister Morihiro Hosokawa threw up his office following the persistent questions about his alleged scandal in April 1994, Ozawa tried to have the late former Foreign Minister Michio Watanabe of the then opposition party, LDP, as prime minister in place of Hosokawa. At that time, North Korea's alleged development of nuclear weapons as well as a crisis on the Korean Peninsula were subjects much talked about. In addition, much discussion was going on about the possibility that Japan would become the target of missile attack. Ozawa tried to establish a government of two conservative forces to cope with an emergency by taking in Watanabe and his circles even if he had to break off with some SDP members. However, Watanabe did not accept Ozawa's proposal, so Ozawa established the succeeding cabinet by supporting Tsutomu Hata, who was the last choice.

Ozawa's attempt to persuade Prime Minister Hashimoto with the backing of the tension in the Taiwan Strait closely resembles the one he made two years ago. Does "policy" exist to realize "belief," or does "belief" exist to realize "policy"? Ozawa may answer as follows: "It is wrong to differentiate among them, because they are inseparable." At any rate, Ozawa's idea to support Watanabe two years ago was the last resort to maintain the reigns of government. Behind Ozawa's attempt this time to realize a conservative-conservative alliance through the meetings of the two party heads lies Ozawa's predicament — that he has lost his central force and that the foundation on which he stands has become shaky although he is a publicly-elected party head.

In the NFP, former Komeito [Clean Government Party] member Shozo Azuma [chief of the NFP's security organic law project team] complied his private plan — "it is constitutional to exercise the right of collective self-defense — and published it in February this year. In April Ozawa said he would go along with this private plan. This remark contradicts his previous assertion: "We should amend the Constitution decidedly instead of putting up with the criticism that we are amending the Constitution through interpretation little by little." Azuma's private plan gave a shock to the former Komeito members within the NFP. Former Komeito member Tetsuzo Fuyushiba announced his flat refutation: "It is unconstitutional to exercise the right of collective self-defense."

Meanwhile, the NFP's Policy Board Chairman Kazuo Aichi [the NFP's constitutional problem research council], who is linked to the anti-Ozawa group, published a private plan for the amendment of the Constitution, which contained the view that it is constitutional to exercise the right of collective self-defense, as well as the provision that makes the emperor the head of state."

The prevailing view is that the reason former Prime Minister Morihiro Hosokawa, who is regarded as an anti-Ozawa member within the NFP, is intensifying his criticism against Ozawa's assertion is that he wants to be chosen as the representative of a party that opposes a conservative-conservative party in the next political realignment. It is whispered about that Hajime Funada is going to join with Yukio Hatoyama and Health and Welfare Minister Naoto Kan. Originally, he has been supportive of the constitutional amendment of the Ozawa style, but he has severely criticized forming a link between discussion on security and political strife. There are rumors flying about that he will leave the NFP. In short, the NFP is divided against itself.

The Scenario That There Will Be a "Conservative-Conservative Alliance" Was a Superficial View

Prime Minister Hashimoto, through a series of meetings with U.S. President Bill Clinton and U.S. Ambassador to Japan Walter Mondale, obtained a consent from the U.S. side for the all-out return of [Marine Corps Air Station] Futenma. On the other hand, Hashimoto promised, in return for it, "joint study" on cooperation in case of emergency. "Cooperation with the United States in case of emergency" means laying down a foundation so that the U.S. armed forces can use immediately the Self-Defense Forces' bases, civilian airports and ports in Japan in case of emergency.

Naturally, this aspect was strongly emphasized in the media's comments on the Japan-U.S. agreement. A naive interpretation spread in Nagata-cho: "Hashimoto smiled when he announced the return of Futenma, but his smiles were smiles in disguise. His true intention is to positively commit himself to the military strategy of the Clinton administration." This has led to the conclusion that "a 'conservative-conservative alliance' is inevitable after all."

There is another factor that stirred up the notion that "a 'conservative-conservative alliance' is inevitable after all." That is the handling of the jusen [housing loan companies] budget problem. The final stage of the Japan-U.S. conferences concerning Okinawa and the security treaty coincided with the height of the crisis in the Diet, where the 1996 fiscal year budget caused much trouble, provoking a criticism that it was a misuse of tax money. The budget passed the lower house by freezing the jusen-related appropriations [the execution of the jusen appropriations to be deferred until the jusen-related bills pass the Diet]. Now, people who brought about a substantial agreement between the ruling and opposition parties were former Takeshita faction members — former Prime Minister Noboru Takeshita, NFP leader Ozawa, and Chief Cabinet Secretary Kajiyama — as well as former Prime Minister Nakasone, who jointly formed a network of "conservative forces."

Prime Minister Hashimoto's declaration of "cooperation in case of emergency" came immediately after the "conservative forces" had shown their power in national politics.

Thus, an image was formed that "study on cooperation in case of emergency" means a "conservative-conservative alliance." However, subsequent developments proved that this was a superficial observation. "Study on cooperation in case of emergency" is not moving in the direction of promoting another political realignment, but in the direction of containing it.

Japan: Mitsubishi Issues Sexual Harassment Response

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[Article by Mitsubishi Motors Manufacturing of America Chairman, Tsuneo Oinoue (with Kazuki Ono) : "I Am Mortified That We at Mitsubishi Were Suspected of 'Sexual Harassment'"]

[FBIS Translated Text] As the man in charge of the MMMA (Mitsubishi Motors Manufacturing of America), I very much regret that the recent sexual harassment incident caused trouble for various people and hurt the company's image.

However, although the allegations were so far removed from the actual situation, the public developed incorrect ideas because of the sensational and one-sided reporting that took place based on those [inaccurate charges].

I had intended to provide an account of what we believe to have really happened once the incident reached a momentary pause. Now, because I was fortunately given a chance to do so, I have taken up my pen.

At this juncture, I am constrained from making some details public, but because I want to correct public misunderstanding, I am stating our position along with how the incident developed.

Beginning of the Affair

It was Monday, 8 April when the news reached me that "a lawsuit, involving several hundred incidents of sexual harassment, will be brought against a large Illinois manufacturing company tomorrow." There had been cases involving sexual harassment in our company too, but if this [case] involved several hundred incidents, I thought it had to be some other company. But just to be on the safe side, I had a statement prepared that would totally deny [such charges].

By evening, probably via our attorney, I had been informed that it was our company that would be sued. There was no way that I understand this.

It was a bolt from the blue.

On the next day, 9 April, the EEOC (Equal Employment Opportunity Commission) brought a lawsuit against the MMMA in the Federal Court in Peoria, Illinois for violation of Article 7 of the Civil Rights Law.

"At least from 1990, the work environment of the MMMA was characterized by the constant physical and verbal harassment of women. Male workers repeatedly grasped female workers' chests, hips, and crotches.... The female workers who courageously complained about such activities were laughed at, ostracized, and physically threatened.... Even the male workers who tried to help the female workers were harassed."

In this manner, EEOC Vice Chairman Paul Igasaki — a Japanese-American — who came from Washington, D.C., held a large-scale press conference and made his shocking announcement.

I was heading for Los Angeles via Chicago early that morning because I had an appointment with the Sales Division, which had been scheduled earlier.

I received a message from Mitsubishi Motors Corporation Chairman Nakamura at the boarding gate in Chicago [Airport], and made an in-flight call to Japan.

"I heard on the news that the MMMA has been charged by the EEOC on suspicion of sexual harassment. The expression used was that the company had ignored several hundred case of sexual harassment. What is the actual situation...? It is rather embarrassing, to begin with, to be sued for sexual harassment...."

"I am almost certain no Japanese is involved in this case. It is purely a problem among the Americans. But, depending on how we handle it, management responsibility will also be pursued. Still, it is outrageous to claim that several hundred cases are involved. The figure we have is 29 cases, which have been in the civil courts. But half of them are for discrimination against women regarding promotions, not sexual harassment. I also think it is highly possible that, of the remaining sexual harassment cases, two thirds of them see it as a good chance to obtain money.... To begin with, it is absolutely untrue that the company ignored the situation. The EEOC began its investigation the year before last, but we never heard any thing like this. We also have been cooperating all we could."

So I explained things, but I could not stop feeling uneasy, perhaps because of some sixth sense.

I arrived in Los Angeles, rented a car, and drove to my appointments at the MMSA (Mitsubishi Motors Sales in America). There I heard the details and was astonished.

I heard that Vice Chairman Paul Igasaki called all the media together and made a speech declaring that "it is the biggest sexual harassment case in history," I also heard that the press conference began with an introduction of the personal history of Igasaki, who had been appointed by President Clinton, and went on with a lot of theatrics. I heard later that, at this press conference, questions and answers were filled with abstract and vague expressions.

When a reporter asked a direct question if this action was aimed at capturing the female vote in the [coming Presidential] election, he was said to have explained that "in accordance with the policy of strengthening enforcement that the EEOC announced the other day, we decided to concentrate on large-scale cases because of budget constraints. The Mitsubishi case fit this policy exactly."

But according to a rumor I heard later from sources in Washington, D.C., some people held the view that it was an operation on which the EEOC's survival depended. The EEOC had many unresolved incidents and had been under criticism for having a bad solution rate. From that point of view, the fact that last July we changed the name of our company from DSM (Diamond Star Motors) — during the era of our joint venture with Chrysler — to the MMMA (Mitsubishi Motors Manufacturing of America) might have given a greater PR [public relations] impact to the case.

It is true that, during the DSM period, there had been reports in the newspaper as 29 civil lawsuits, including sexual harassment cases, were brought against our company. But the [news] only reached the local area and Chicago and never spread throughout the United States.

Many people criticize us, saying that we made a mistake in flatly denying everything at the time [of this latest action].... But there was a reason.

The EEOC lawsuit is a class-action (group) lawsuit, which is different from the ongoing individual civil suits. The point of the suit is that the sexual harassment stems from the company's characteristics and structure and it was repeated and widespread.

Such concrete expressions were used as "currently, sexual harassment is spreading in the company," "the management ignores it," and "the number of victims is up in the several hundreds."

Moreover, the EEOC forcibly took the suit to court at the same as it made its announcement. Since the complaint was submitted to a court, the defendant is legally only allowed either to reply with total denial or total confirmation.

The content of the EEOC announcement was totally farfetched from our point of view, so we had no choice but to totally deny it. At the same time, we could not understand the EEOC's true intentions and were stupefied.

Because of this huge gap with reality, attorney Gary Schulz, who was in charge of MMMA's public relations, even commented that there might be EEOC political purposes in the background. We could only repeat our denial.

While we could not foresee how the situation would progress, I thought it was best that I should explain the actual situation to senior officials of Mitsubishi Motors in Japan and obtain their understanding and support. So I came back to Japan.

For the following 10 days in Japan, I was extremely busy: I explained things to senior company officials, was in contact with the local office [in Illinois], attended strategy meetings, and kept appointments with lawyers. I could read minute by minute about the local situation through the enormous number of faxes that I received every day. But I yearned to come back to the United States and rejoin the local lineup for the battle.

Proposal at Employees' Meeting

As the EEOC brought its suit on 9 April, our senior officials, led by company president Hiromoto, who returned to the MMMA in Normal, Illinois quickly tried to respond.

That is, on 11 April, they set up a crisis management team within the company led by the board members. On Friday the 12th, to calm down the restless employees, they held a meeting for the employees to explain the situation. Two such meetings were held: one was for the nightshift workers.

The cafeteria where the meeting was held was packed and made warm with grim-looking company employees.

When the content of accusation, which had already been reported, was explained by public relation's [spokesman] Gary Schulz, [there were the outbreak of comments].

"It's totally different from the facts!"
"Such an exaggeration!"
"The company should countersue the EEOC for libel."
Immediately great applause broke out.
When the angry outcry subsided, someone said.
"Won't it affect our production?"
Silence ran through the crowd, and everyone listened.

"I hear that there are customers who have already canceled their orders, but I don't know the details."

"The media's report is so very unfair. Our comments are not published at all. How can we convey our message to the public?"

The employees quickly took the lead in the meeting.
"Let's buy space in the newspapers and publicize [our point of view]."
"We can all call the EEOC."
"Let's ask our congressman."

One idea after another was voiced, including one for the usual practice Americans use at a time like this.

"I hear you.... We will set up a free telephone at company expense."

Then the idea, which became the issue, was submitted.

"Some female workers have the idea of going to the EEOC's Chicago office and delivering our message. What do you think?"

"It's a good idea!"

At this moment, every one seemed to be encouraged.

"Then, sooner is better. How about next Tuesday?... We want the company and the union to support us. What do you think?"

Afterwards an executive committee was organized quickly among the employees, and the company also decided to provide its support.

The [management] could sense that the employee representatives would travel to the EEOC office in Chicago, which was over 200 miles away, to convey their opinion because they wanted to recover their honor and that of their families.

Since the report came out, the employees and their families had been frowned on by the public and suffered humiliation. They could no longer wear their maroon-colored uniforms with the company's name on them, which they had worn with pride, outside. How painful it was for senior staff members [managers] to hear such complaints!

The senior staff members made a judgment that it was a good way to show the company's sincerity by giving the employees, who trusted the company and sought to exonerate themselves, as much support as possible. So they guaranteed a day's pay and transportation expenses for the group of representatives who would travel to Chicago. At that time, they expected them to number about 100 people at maximum.

When the number immediately exceeded 1000, they concluded that it would be impossible to operate the plant that day, and so they decided to halt the production line. Later, the number of people who wanted to participate rose to 2,700. To charter buses is an easy way to arrange transportation, but in this case it was not possible to get hold of enough charter buses in that small town. Besides, it would be meaningless if such a visit was not made during a weekday when the EEOC's office was open. So the day of action was postponed by one week to 20 April, and preparations were continuously carried out by the employees' executive committee.

We had already consulted with attorneys and a PR company concerning this sexual harassment commotion that had suddenly landed on us. Their judgment was that such an employees' rally would produce a negative result. But the UAW (Union of Auto Workers) chapter, which was the union for the workers at the plant, demonstrated its understanding and gave its support, indicating that it was up to the individual union member's judgment [as to whether to participate in the rally].

As for stopping operation of the line on a production day too, as long as the company paid the day's wages, the union could not oppose it.

The company, however, naturally was apprehensive that it could cause misunderstanding outside if we paid the day's pay for that many participants. But according to our agreement with the union, the company could not change a production day to a so-called no-pay day at the company's convenience.

If the people who did not participate in the rally wanted to work, it was necessary to arrange for their work. But, if we treated the participating and the non-participating people differently, we were also afraid that we could damage our stated policy of supporting the employees.

The senior officials of the Mitsubishi Motors Corporation in Japan, who worried about the situation, applied pressure on me to terminate this plan — I was still in Japan at that time. At the same time, I desperately tried to persuade President Hiromoto, who remained in Illinois in a supervisory capacity. After several hours spent trying to persuade him in the middle of night, President Hiromoto at one point decided to halt the trip. But, if we then announced that the rally was off, it would not only invite chaos but also the distrust of the employees who were all fired up.

If we stopped [the demonstration trip], our relationship of trust [with the employees] would collapse and would lead to future management problems. If we went through with it, the public would misunderstand us even more and would respond negatively. We were forced to choose one or the other, so heated arguments were exchanged between the MMMA and the Mitsubishi Motors Corporation in Japan.

It was understandable that if we paid the wages for the day and took over expenses for the lunch and bus transportation, it would be misunderstood that the rally was staged by the company. But we, who were left in charge and on the spot [in Illinois] wanted to stay with the stand that the relationship of trust with our employees was most important.

As expected, the result was negative. We were thought to have staged it, and we were clobbered by the mass media. Absolutely no one on the outside understood how pure the employees' motives were.

But one of the reasons we failed was [bad] information management.

There are always dissatisfied elements in any company. Such people had handed over a tape recording of company employees' meetings to the Benassy Law Firm, which has been handling the sexual harassment civil suits brought against the MMMA. A large amount of other information had also been faxed to them. Moreover, the delay of a week for the day of the rally gave them sufficient time to wage a negative campaign against us.

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Because our activities had been reported in a distorted way earlier, we sensed that not only the media, but also the public, was observing our plans through colored glasses. But, at this stage, we could not bring it to a halt.

On 22 April, at dawn, under a chilly, cloudy sky, 60 buses gathered at the MMMA. There assembled 2,700 employees, as well as Bloomington Mayor Jesse Smart who had volunteered to join this trip. I stood on the sidewalk beside the entrance, along with President Hiromoto and the senior staff, kept waving my hand, and watched the buses, go by one after another. They disappeared onto the rain-threatened highway.

Uncertain, but praying for a good outcome, my eyes met the eyes of the departing employees who were gaily waving their hands, and I felt a strong sense of solidarity with them.

But the other side's media strategy was perfect beyond our expectations. Every television station was presenting a one-sided picture which must have been prepared in advance.

The Chicago SUN-TIMES was about the only newspaper which wrote that "when we interviewed the employees, it was a different story from what I had heard before."

Mayor Jesse Smart, who took part in the trip, was quoted the following day in a local paper saying that "the women who represented the employees did a great job. But even the moving message which they read in our presence could not sway the hearts of the EEOC attorneys."

It was reported in an EEOC statement, which was published the following day, that, reversing its previous attitude that "there was no use in discussion," the committee would be willing to talk with us at any time. Based on this, the MMMA finally found a chance to talk with the EEOC.

So far so good.

Suddenly, mass media Mitsubishi-bashing began.

The worst of it was in THE WASHINGTON POST. THE WASHINGTON POST was always first to report information that was leaked to the Benassy Law Firm. They took lodgings in a nearby hotel and checked around outside the company, armed with the photos taken by the "party in question," trying to find out who the people in the photos were.

I will elaborate on this party later. In the end, perhaps having run out of anything else they could dig up, they were looking for scandals involving senior staff members in the personnel department.

One of the reporters was so eager that the others kidded him that he might be shooting for the Pulitzer Prize with his report. The story, which Benassy leaked two years earlier to a local newspaper, that "American employees of the MMMA who went to Japan for training were taken to a 'live sex show,'" was printed verbatim in THE WASHINGTON POST. To make things worse, words like "routinely" were used, and it was written as if this was a current and frequent practice. Even if such things had occurred, it was eight years earlier and during a training period. Moreover, there should have been no relationship with that incident and the one at hand. Any incident, when reported in THE WASHINGTON POST, was always exaggerated and drastically altered.

On 23 April, the day following the bus trip to the EEOC, senior officials of the Mitsubishi Motors group throughout the United States gathered in Chicago and held a strategy meeting. Participants numbered over 30, including about 10 attorneys. At that meeting we also selected PR companies. We formed a composite team, selecting several people — with Northwestern University Professor Curt Stakker, who specialized in crisis management public relations, as the leader and others from three PR companies.

As for the team of attorneys, we agreed to bring in a powerful law firm to reinforce our lead, John Frasco, who had long been in charge of labor relations for our company.

The MMMA was established in October 1985. Following a period of plant construction, it has been in operation since September 1987. At that time, it was a joint venture with the Chrysler Corporation, and the company was named the DSM.

I took office as the second president in July 1991. It appears that there had been some sexual harassment incidents prior to that time.

According to company records, complaints the company's complaint handling department received had averaged nine cases a year between 1987 to 1996. But the numbers have increased since the first year in proportion to the [increased] number of employees, and by 1994 it climbed to 25 cases. But it has since been decreasing, with 15 cases in 1995 and 3 clases in 1996.

In over half of the cases, the actions taken have been written warnings, but in the worst cases, 10 people (so far) were dismissed and three were demoted.

It is not clear whether this ratio to the denominator of 4,000 [employees] is greater or smaller, compared to the average in the industry, but our feeling was that it was similar to that of other companies.

Relationship to EEOC

Sexual harassment is similar to bullying, which has become a big issue in Japan today. Even if schools deny it, it often exists. But it is not easy to spot unless it is reported, and, even when it is reported, it is difficult to confirm the facts.

Our company did not ignore the problem. The company encouraged reporting an incident which could be interpreted as sexual harassment when it occurred. We even made reporting mandatory when we renewed our contract with the union in August 1995.

As for the EEOC, it was two years ago in May when we first became the object of suspicion. The allegation was that sexual harassment and discrimination based on gender were regularly practiced in the MMMA. An investigation immediately began. In the same month, we were told to submit all records, such as lists of employees' names and addresses. We complied with all their demands. We believed that if we fully cooperated fully, they would understand [the truth].

In August of the same year, the EEOC began interviewing employees within the company, but stopped suddenly after 36 people. They then resumed interviews outside the company. In December, about 30 company staff members (management and supervisors) were summoned for the investigation. But our attorneys went and returned the summons on the legitimate ground that the investigation was overlapping with the sexual harassment civil suits that were going on concurrently. The EEOC listened to their explanation and accepted it.

Prior to that, in November 1992, which preceded the EEOC investigation, the Benassy Law Firm, which was located in Peoria about 60 kilometers west of our company, brought the first sexual harassment complaint against the MMMA. In mid-1993, the firm increased the number of cases to 29 and that autumn approached us with a proposal that we settle those cases for $5 million.

This Benassy Law Firm, to begin with, had brought lawsuits against the local city office in 48 sexual harassment cases. Some say she [Ms. Benassy] is an "ambulance chaser." At one time the city demanded that [the firm] keep her off a lawsuit because she had violated professional ethics.

When we closely looked at the sexual harassment cases this law firm had brought against our company, they also included cases such as those involving discrimination in promotion. So-called sexual harassment was the subject of 14 out of 29 cases. Moreover, two-thirds of those cases appeared to be based on weak grounds.

Definitely, Benassy is skillful in using the media. For example, in a local paper dated 14 July 1993, the front page news was that 16 female workers in our company at that time were sexually harassed. Here the account of the "live sex show," which was quoted later in THE WASHINGTON POST, was provided. There was even a comment that "the Americans were told to adopt to this kind of Japanese culture."

Benassy's "strategy to attack Japanese culture," utilizing the mass media, intensified around that time, and this has been taken over by today's U.S. newspapers.

In the U.S. judicial system, it is most common to have a trial by jury, so it is clearly their intention to publicize how much Japanese culture tolerates sexual harassment and thus to lead the trial to their advantage.

Some may say that we should have agreed to settle with the Benassy Law Firm at that time. But had we done that, there was the possibility that second and third groups of self-proclaimed victims might have appeared, and furthermore, it could have developed to an issue of compensation because of racial discrimination.

Thus, in December 1994, Benassy brought the lawsuits to the Federal Court in Peoria. That is the background up until now. The actual proceedings are expected to start after this summer.

On the other hand, the EEOC determined on 9 August 1995 that the MMMA was guilty of sexual harassment and sent us an arbitration document that was premised on a legal action.

On 17 August, the EEOC came up with 13 items as conditions for settlement. We answered that we would respond [affirmatively] to all but two of those conditions.

One was that we were to have an observer brought in from outside the company for five years, to let him investigate sexual harassment [complaints], and even to give him authority to dismiss employees. Another was that we were to advertise even to find people who had left the company, to dig into the past, to locate sexual harassment cases, and to pay compensation for them.

It is difficult to give an outsider firing authority, which is an exclusive right of management. Besides, the union would not agree. Also, we have a system in our company when an employee quits. It is to hold a so-called exit interview to find out the reason for his or her departure and to ask for suggestions he has for the company. These are documented. It is carrying things too far to search for past sexual harassment through advertising. Besides, it is difficult to weed out the opportunists and to prove damages.

The EEOC was displeased by these kinds of arguments, but we did not pursue things beyond that. So the situation remained dormant for about six months. Then the lawsuit was suddenly initiated.

Photos of the "Party in Question"

It has been generally reported that we had been uncooperative with the EEOC's investigation. But the fact was completely the opposite. We provided all the information the commission needed and cooperated actively in their interviews.

As for the suggested settlement conditions, although the commission was not satisfied, we thought we had responded reasonably.

Therefore, we trusted our attorneys' assessment that the EEOC would not likely take any legal action. Besides, even if we were sued, the civil suit had been brought prior to that. So, if the charges were the same, the EEOC's trial would be merged with the civil proceeding or would be postponed until the civil suit was concluded.

If it were on a different charge, for instance a class-action suit which had already been mentioned, we could claim that we were falsely accused and the commission could not have gone to court unless they had the ironclad evidence. But there might be the "photos in question" among the items which the EEOC had believed to be evidence.

These photos had already been in the hands of the media and had partially been made public. So I want to touch on this issue on this occasion and to eliminate misunderstanding.

In the United States, there is a custom that on the night before a wedding, the bride and groom have separate all female and all male parties. For the men-only party, the so-called "stag party," sometimes they bring in a "professional" woman to revel, using the "explanation" that it provides sex education for the groom.

I have heard in the past that some Japanese had been invited to such parties. The Japanese who participated had been almost all been visitors from Japan. But I think, because they were invited by the Americans and believed that it was an American custom, they joined them without any sense of guilt. Especially the attendees were told to bring their cameras, so it was not as obscene as one would imagine. Rather it seemed to be "not much of anything."

To begin with, this is a country where husbands bring wives to pornographic movies and strip shows.

It is definitely illegal if prostitution is involved, but things such as the Playboy Channel on television are considered to be in the realm of acceptability.

Yet, at the time when sexual harassment became an issue, it was a serious problem that such photos were disclosed, and a scene simulating oral sex was exposed to the public eye. The timing could not have been worse. Moreover, there is the indication that, stimulated by the first party, similar parties had been organized several times.

In fact, there was an incident this January in which a welding mask on which an obscene picture had been painted was left in a woman's locker at the plant. The two offending males were fired for violating the rule prohibiting sexual harassment. At that time, large quantities of the aforementioned photos were found in their lockers.

To bring such material into the workplace was itself a violation of work rules and made these two men's punishment more severe. At the same time, we became aware of the contents. Needless to say, such parties were immediately prohibited.

But it is not difficult to imagine that these two had the negatives of these photos and went around selling them.

In February, the EEOC declared that the commission would "concentrate on group cases rather than on individual cases." It might already have had Mitsubishi in its sights.

If the EEOC had expected that, because Mitsubishi was a Japanese company, we would easily agree to an amicable settlement, considering the past experience, the bus trip to Chicago [the employees staged] must have been a great shock.

Another thing, our case has often been compared to the Astra case.

Astra USA, which is a Swedish pharmaceutical company known for its drug for asthma and the local anesthetic kisirocain, immediately suspended its president and two senior staff members when it's sexual harassment problem was reported in "BUSINESS WEEK."

On the other hand, it was said that Mitsubishi assumed an opposite stance of total confrontation, that Astra played it wisely, and we bungled it. But as for Astra, the president himself committed the sexual harassment, so there is no comparison with the MMMA.

There is, however, one curious similarity. In the Astra case, the president himself made the proposition to a young secretary at a staff party and ruined himself.

If any of our company's senior staff members were in the aforementioned photos, it could have had the same consequence as in the Astra case.

The EEOC might have looked at the case that way.

Codename "Fred"

During the week after the EEOC brought its legal action, the MMMA received a good idea from the MMSA.

It was to assemble noted American authorities on sexual harassment, have this group investigate the actual situation at the MMMA, publish the results, and, further, make public proposals for improvements.

Because the discrepancies were just too great between the claims of the EEOC and ourselves, the public would likely believe the EEOC, a government organization, and would suspect us. That was clear from public comment that followed the [breaking of the news about our case].

Therefore, it would not do any good, no matter what we said ourselves.

That was why we wanted to have a third party speak. But to do that, we had to be confident that we were absolutely right.

The MMMA called this proposal the "blue ribbon committee plan." This derived from the custom that, at state fairs (agricultural and livestock fair hosted by state), winning livestock are commended with a blue ribbon.

The reason it took a long time to realize this proposal, which had been suggested at a very early stage, was that it was loaded with difficult issues. These included the following: who would be the candidate members? How would we coordinate the members and the leader? Would we be in trouble if they proposed unacceptable ideas? Who would coordinate that group with our company?

But the name of a candidate to serve as leader had been mentioned from the beginning. It was Lynn Martin, a woman from Illinois who had served as Secretary of Labor in the Bush Administration.

She is a prominent person, who could even be Dole's running mate (vice presidential candidate) in the presidential election.

It was already May when we were able to get in touch with her while she happened to be traveling in Europe.

By then, because of her strong personality and her able staff, the initial blue ribbon committee idea had been called off: she would do the job alone.

At that time, our team was extremely nervous about leaks. In fact, whatever we said about the case went straight to THE WASHINGTON POST via Benassy.

We conducted a search for listening devices in our telephones, changed all the keys for the executive offices, and brought in a large size [paper] shredder. We strictly controlled the fax and copy machines placed in the executive offices.

We used a male name, Fred, as her codename, so we would not carelessly utter Lynn Martin's name, and we made Mitsubishi Motors in Japan strictly adhere to this discipline.

She was our last hope, and if the media would scoop her name, the effect would be drastically reduced.

Thus the operation codenamed "Fred" had been put forward in secrecy.

But she conveyed her message from Europe that "I am willing to take over, but can not commit myself until I have met and talked with the highest responsible person of the MMMA."

At that time, we felt we were surrounded by hostile forces: in Washington, a congresswoman made a denunciation of the MMMA, followed by picketing and a boycott campaign in front of a Mitsubishi car dealership by black leader Jesse Jackson and NOW (National Organization of Women) President Patricia Ireland.

And at last we had an interview with Lynn Martin. It was as if we were taking an oral examination. When she asked me "what is most important for you?" I answered that "it is the employees."

We must have passed the oral examination. Martin consented to respond to request and announced it on 14 May.

It literally became a D-day for us, an unforgettable day.

Fortunately we had been able to maintain secrecy and surprised the media.

As it was stated in her announcement, Lynn Martin will investigate our actual situation and give us advice on how to realize a model workplace, which will set the work environment standard for the industry.

It was the beginning of a new stage for us.

Our first talks with the EEOC were finally realized on 10 May. This was a meetings between attorneys. But we will continue to carry on a dialogue and try to work hard toward a fair and complete resolution.

Japan: Lower House Speaker Supports Woman as Next UN Chief

OW2506084096 Tokyo KYODO in English 0808 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — House of Representatives Speaker Takako Doi, the first Japanese woman to hold the top parliamentary post, on Tuesday [25 June] welcomed the United Nations' likely choice of a women for its next secretary general.

"Time has quite changed," Doi told a press conference at the Japan national press club, referring to a list of likely female candidates for U.N. chief — U.N. High Commissioner for Refugees Sadako Ogata, a Japanese national, Norwegian Prime Minister Gro Harlem Bruntland and Irish President Mary Robinson.

The United States has decided not to support incumbent U.N. Secretary General Butrus Butrus-Ghali's bid for reelection.

Asked if she has any intention of eventually becoming prime minister, Doi responded negatively from the viewpoint of the constitutional principle of separation of the administrative, legislative and judicial branches.

Doi, a member of the Social Democratic Party (SDP), said she supported policy shifts by the SDP in the past three years to approve the 3 percent consumption tax and a planned hike to 5 percent, officially approved by the cabinet earlier in the day, and the Japan-U.S. security alliance.

Such qhanges are needed for the SDP to uphold its responsibility as a component of a coalition government, she said, adding that explanation to the public should have been made more clearly.

But measures should be taken to streamline the administration and alleviate the consumption tax hike's impact on people with lower incomes, she said.

Doi was picked to serve as parliamentary leader in August 1993.

When Doi served as chairwoman of the then opposition SDP between 1986 and 1991, she succeeded in boosting the party's parliamentary seats by opposing the consumption tax, which was introduced in 1989.

During the press conference, Doi discussed her drive to reform parliament in a way to encourage legislation introduced by lawmakers. Most bills are proposed by the government after being compiled by bureaucrats.

Promotion of parliamentarians' introduction of bills will help boost public, not only legislative, access to administrative information, she said.

Doi also said the Health and Welfare ministry had failed to follow repeated parliamentary requests to give up files on the human immunodeficiency virus (HIV) infection of hemophiliacs in the 1980s, Doi said.

The requests filed were found within the ministry building after Health and Welfare Minister Naoto Kan set up a fact-finding team earlier this year.

Tokyo Said Set To Approve CTBT 'Peaceful Purposes' Clause

OW2306101396 Tokyo MAINICHI SHIMBUN in Japanese 22 Jun 96 Evening Edition p 1

[By reporter Naoki Fukuhara]

[FBIS Translated Text] Geneva, 21 June — As of 21 June, Japan has firmed up its plan to approve at the negotiations over the Comprehensive Test Ban Treaty (CTBT) the incorporation of the PRC-proposed "nuclear explosions for peaceful purposes" clause into the treaty, as the 28 June target date for the conclusion of the treaty approaches. This clause is very likely to be included in the final draft of the treaty which will be forthcoming shortly. It seems that Japan, which has sternly opposed the adoption of the clause, has decided to give utmost priority to concluding the treaty. Since it has become certain that India and Pakistan will refuse to sign the treaty, there is strong likelihood that the treaty will be concluded with those two countries excluded.

The PRC has continued to adamantly insist that the treaty permit "nuclear explosions for peaceful purposes," as in engineering projects. Japan has been the strongest objector among all the relevant countries, claiming that "there is no way to differentiate whether such explosions are for peaceful or military purposes." The PRC, however, conceded last month, saying: "For the time being, we will waive our request for approval of nuclear explosions for peaceful purposes." On 18 June, the PRC formally proposed including a separate provision: "The matter will be reviewed at a conference on reviewing the treaty 10 years later, and it shall become effective if unanimously approved."

Since the PRC's request will be rejected as long as even one country objects, there is absolutely no possibility that the request will be approved in the future. Sha Zukang, PRC envoy for disarmament, has informally admitted this, saying: "It is arranged so that it will never happen."

According to a Foreign Ministry source, Japan — from the standpoint that 1) without the PRC's participation, the treaty is meaningless; and 2) utmost priority should be given to concluding the treaty — has thus firmed up its plan to sound out the possibility of reaching a compromise by including the clause "nuclear explosions for peaceful purposes" in a treaty provision referring to, among other things, procedures for holding a conference to review the treaty instead of adding a separate provision.

Tokyo Expected To Approve Plan for Tightened Nuclear Inspections

OW2506020796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 18 Jun 96 Morning Edition p 2

[FBIS Translated Text] The government has basically decided on agreeing to a plan for strengthening nuclear inspection now under study by the International Atomic Energy Agency (IAEA). The essential part lies in strengthening surprise inspections aimed at preventing the secret development of nuclear weapons. However, taking into account such factors as the possible increase in the share of inspection expenses, the government has hitherto persisted in taking a cautious approach. However, the government has judged that "it would not be advisable for various foreign countries to feel that Japan alone takes a negative approach," (as stated by a source at the Ministry of Foreign Affairs [MOFA]). On the preconditions that measures will be taken to promote efficiency in inspections and that private-sector nuclear research institutes will be excluded from inspections, the government intends to actively participate in drawing up the document on the agreement.

Having learned lessons from the alleged nuclear developments by Iraq and the DPRK (North Korea), the IAEA (which is composed of 123 member countries) has been studying the plan of tightening the security measures (nuclear inspections) since 1995 with the United States playing the leading role. Coordination has been conducted on the following major details: Inspection of those nuclear facilities that have not been reported to IAEA; shortening of the period between the notification of inspection and the actual inspection; and the requirement of submitting more related documents.

In response to this plan, the government is concerned with the possibility that Japan's share of expenses will be further increased as a result of intensified inspections. So far, IAEA's inspection of Japanese facilities accounts for a quarter of its total operation, and Japan's share for expenses accounts for 15 percent (of the expenses for fiscal 1996) amounting to approximately $75 million, only next to the United States, whose share accounts for 26 percent.

Moreover, according to the tightened nuclear inspection plan, the subject of inspection will be expanded from the existing nuclear power stations "to also cover those private nuclear research institutes where no nuclear materials may be used," (as stated by a MOFA-concerned source). In this connection, there is a strongly rooted understanding within the government that "it will be difficult to agree to the plan for tightening inspections when viewed from the standpoint of domestic laws."

Japan: Ministry Official Announces Asian Nuclear Conference in Nov

OW2106163096 Tokyo KYODO in English 1614 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — Japan will host an international conference in November on the peaceful use of nuclear energy in Asia, a senior Foreign Ministry official said Friday [21 June].

Prime Minister Ryutaro Hashimoto will announce the holding of the Asian nuclear meeting when leaders from the Group of Seven (G-7) industrialized countries gather in Lyons, France, for their three-day annual economic summit from next Thursday, said Kazuo Ogura, deputy foreign minister for economic affairs.

At a G-7 summit on nuclear safety in Moscow in April, Hashimoto proposed hosting such Asian nuclear talks.

The timing of the proposed meeting was set for November through negotiations with other Asian nations, said Ogura, who serves as "sherpa," or Hashimoto's personal representative for the Lyons summit.

At the summit, Hashimoto will also announce Japan's plan to host the third meeting in the fall of 1997 for conclusion of the framework convention on climate change, which is aimed at preventing the earth's warming due to accumulated emissions of carbon dioxide and other so-called "greenhouse" gases, Ogura told reporters.

The G-7 members are Britain, Canada, France, Germany, Italy, Japan and the United States.

Ogura said one of the major themes at Lyons will be strengthening G-7 partnership with Russia, China, developing nations and international institutions.

He suggested that Japan will show a positive stance on China's bid to join the World Trade Organization (WTO), which replaced the General Agreement on Tariffs and Trade (GATT) in January in 1995 as the new world trade watchdog.

Japan will argue the case for China's entry into the WTO in view of its impact on the world economy and politics as well as China's domestic reforms, Ogura said.

Asked about Japan's role as leader of Asia at the G-7 summit, Ogura said he thinks such a role is fading.

At present, Asian nations have opportunities for direct dialogue with industrialized countries, including the Asia-Pacific Economic Cooperation (APEC) forum and the Asia-Europe Meeting (ASEM), he said.

Japan: Hashimoto Leaves for France To Attend G-7 Summit

OW2506025096 Tokyo KYODO in English 0229 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Japanese Prime Minister Ryutaro Hashimoto left Tokyo Tuesday morning [25 June] for Lyons, France, to attend a three-day annual economic summit of the Group of Seven (G-7) industrialized countries.

Hashimoto will arrive in the central French city Tuesday evening local time.

At the G-7 summit which gets under way Thursday evening with a working dinner, Hashimoto is expected to call for funneling funds saved through streamlining efforts at the United Nations and other international institutions into support for developing countries, foreign ministry officials said.

Hashimoto, as the only G-7 leader from Asia, will also throw Japan's support behind Beijing's bid to join the World Trade Organization (WTO) to integrate China into the international community, the officials said.

The G-7 nations are Britain, Canada, France, Germany, Italy, Japan and the United States.

The ministry officials said Hashimoto will exchange views with other G-7 leaders on an array of economic issues, including ways to reduce high levels of unemployment and debt relief for heavily burdened poor countries.

Based on the results of his weekend meeting with South Korean President Kim Yong-sam, Hashimoto will stress the importance of promoting dialogue between Seoul and Pyongyang to ease tensions on the Korean peninsula, the officials said.

Ahead of the multilateral summit, Hashimoto will hold talks Thursday separately with U.S. President Bill Clinton, French President Jacques Chirac, British Prime Minister John Major and Jacques Santer, president of the European Commission, the executive body of the European Union.

Hashimoto and Clinton are expected to coordinate views on international issues including the Russian presidential election and the Middle East peace process, Japanese officials said.

They are also expected to discuss bilateral issues such as the promotion of security cooperation under their April accord, the officials said.

On Wednesday, Hashimoto will enjoy a short trip to the suburbs of Lyons.

Japan: Foreign Minister Ikeda Leaves for 10-Day European Tour

OW2506040696 Tokyo KYODO in English
0320 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Foreign Minister Yukihiko Ikeda left Tokyo on Tuesday [25 June] for a 10-day official visit to Switzerland, France, Ukraine and Bosnia-Herzegovina.

In Geneva, he will confer Wednesday with officials associated with ongoing negotiations to conclude a global treaty banning all nuclear weapons tests before moving onto Lyons, France, the venue for this year's Group of Seven (G-7) summit.

The summit, which groups Britain, Canada, France, Germany, Italy, Japan and the United States, will take place for three days starting Thursday.

After the annual G-7 meeting, Ikeda will proceed to Ukraine on July 1 as the first Japanese cabinet minister to visit the former Soviet republic. He will meet Ukraine's President Leonid Kuchma in Kiev.

The Foreign Minister is also scheduled to visit Bosnia-Herzegovina on July 2-3, again the first Japanese cabinet minister to visit the war-ravaged country.

In Sarajevo, Ikeda will hold a series of meetings with key figures concerning peace in Bosnia such as Bosnian Prime Minister Hasan Muratovic and the top official in charge of implementing the civilian aspects of Bosnian peace, Carl Bildt.

He will return home July 4.

Japan: Tsukahara To Attend APEC Meeting in New Zealand

OW2506081996 Tokyo KYODO in English
0754 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The Asia-Pacific Economic Cooperation (APEC) forum will hold a two-day session in New Zealand in mid-July to discuss international investment rules and other outstanding issues, Japanese officials said Tuesday [25 June].

The meeting, to be held in Christchurch on July 15-16, will be represented by trade ministers from 18 APEC member economies, the officials said.

They said the discussion will focus on the group's approaches to international investment rules to be formulated by the Geneva-based World Trade Organization (WTO).

The attendants will also present progress reports on individual action programs for liberalization of trade and investment to take effect next year, the officials said.

They said it remains to be seen whether an agreement can be reached on investment rules between advanced and developing members of the regional forum.

Industrialized members will seek liberalization of investment while developing members hesitate to liberalize investment to protect the domestic industry, the officials said.

It will be the first full-fledged discussion on the issue, which has hitherto been discussed only among advanced nations on such occasions as a ministerial meeting of the Organization for Economic Cooperation and Development (OECD), they said.

The action programs, which will incorporate liberalization measures in concrete terms in 15 fields such as tariff and nontariff barriers, will be presented to the APEC ministerial meeting in Manila in November this year, the officials said.

At the Christchurch session, the attendants will exchange views on draft programs introduced at a high-level session held in late may, they said.

The OECD plans to formulate a multilateral agreement on liberalization of foreign investment by next spring, and Japan and Canada called for extensive negotiations on the issue at the WTO, they said.

The officials said the outcome will be reflected in discussions at the WTO's first ministerial meeting scheduled for December in Singapore.

WTO was inaugurated in January 1995 as a new world trade watchdog, replacing the General Agreement on Tariffs and Trade.

Shumpei Tsukahara, minister of international trade and industry, will represent Japan at the Christchurch meeting, the officials said.

Japan: OECD Projects Average 2.1 Percent Growth in 1996

OW2006162596 Tokyo KYODO in English
1515 GMT 20 Jun 96

[FBIS Transcribed Text] Tokyo, June 20 KYODO — The Organization for Economic Cooperation and Development (OECD) predicted Thursday [20 June] that its 27 member nations are likely to secure an average real economic growth rate of 2.1 percent in 1996 and 2.5 percent in 1997.

In its biannual economic report, the Paris-based OECD said the short-term outlook "is for greater convergence across the main OECD regions, with continued sustainable growth in the United States, a more sustained recovery in Japan and a pickup in Europe."

The OECD revised downward the expected inflation-adjusted growth of gross domestic product (GDP) in its member countries by 0.5 percent in 1996 and 0.3 percent in 1997 from its forecasts in its previous report released last December.

But the OECD secretariat said the downward revision stems in part from a recent change in the U.S. formula of gathering economic statistics, which is seen as pushing down the member nations' average growth by some 0.2 percent.

It projected that real growth of GDP — the total value of a nation's goods and services produced within its borders — in Japan will come to 2.2 percent in 1996 and 2.4 percent in 1997.

The OECD said the Japanese economy has been picking up slowly due to favorable effects of the economic stimulus measures the nation took and the correction of the overvalued yen.

Despite the anticipated improvement in domestic demand in Japan, however, the OECD urged the nation to maintain its easy credit policy for some time to come.

The Bank of Japan's official discount rate — a benchmark lending rate to commercial banks — stands at a historic low of 0.5 percent per annum.

In its economic outlook, the OECD also singled out Japan's fiscal deficits as a problem that needs to be solved as quickly as possible.

"The deficits and public debt levels...are unsustainably high and they will have to be corrected over time, particularly in view of population aging, which will strike Japan sooner and more sharply than elsewhere," it said.

"Deficit reduction should begin soon, and proceed as rapidly as the underlying strength of domestic demand allows," the organization said.

The OECD urgings come at a time when the Japanese Central Bank is reportedly planning to raise the discount rate as early as in July and some officials of the government and the ruling coalition noted the need to draw up a supplementary budget in fall for fiscal 1996, which started April 1.

In the meantime, it also referred to the recent downtrend in Japan's current account surplus and forecast that the politically sensitive surplus "may fall to close to 77 billion dollars" by 1997.

For the U.S., it predicted growth of 2.3 percent in 1996 and 2.0 percent in 1997.

"The economic outlook continues to be promising, with no strong reason to fear either overheating or prolonged weakness," the OECD said, adding the U.S. current account deficit will contract slightly by 1997.

The German economy will show a growth rate of 0.5 percent in 1996 and 2.4 percent in 1997, it said, predicting the nation will see economic recovery in the latter half of this year on the strength of expected increases in housing investment and exports.

Japan: Pyongyang Cancels Two Groups' Visit for 'Big Event'

OW2406131896 Tokyo KYODO in English 1216 GMT 24 Jun 96

[FBIS Transcribed Text] Yokohama, June 24 KYODO — North Korea on Monday [24 June] asked two Japanese organizations to postpone their members' trips due to a planned "big event" marking the third anniversary of the death of the late president Kim Il-song on July 8, 1994, organizers said.

North Korea's ruling Workers Party of Korea relayed its request through the pro-Pyongyang General Association of Korean Residents in Japan (Chongnyon), they said.

An official at the Foreign Ministry's Northeast Asia Division said he was not aware of any upcoming big event in North Korea.

House of Councillors legislator Tsuyoshi Saito was scheduled to visit North Korea from June 28 as head of a 17-member friendship delegations by a civic group affiliated with the Social Democratic Party (SDP) in Kanagawa Prefecture on invitation from Pyongyang.

The Saito group, which had been raising funds for North Koreans who were affected by large-scale flooding last summer, had planned the June 28-July 2 tour as a fact-finding mission.

SDP member Saito said he felt that the sudden cancellation was "very regrettable" and hoped that a new date would be fixed at a proper time. "I was scheduled to bring with me a letter from an SDP leader," he added.

He said the 500,000 yen raised for the flood victims would be sent to North Korea through the Korean Residents Association.

The other delegation would have comprised members of the Akita Prefectural Assembly and the Nagasaki Council Against A and H-Bombs.

Japan: SDP Expected To Conduct Korean Diplomacy Mission 8 Jul

OW2406141596 Tokyo KYODO in English
1354 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — The Social Democratic Party (SDP) of the ruling coalition is going to send a mission of its members to South Korea and China in July to conduct an independent diplomatic tour, SDP members said Monday [24 June].

The group, led by SDP Secretary General Kanju Sato, will leave July 8 to start its mission concerning problems on the Korean peninsula, the SDP members said.

In order to further negotiations for peace on the Korean peninsula, the SDP will invite a group from North Korea's ruling Workers Party of Korea to Japan in early July.

The SDP said it is making this independent diplomatic bid in order to develop a strategy to better relations with the North so that a contingency situation can be avoided.

Sato said he will consult with Chinese officials about the situation on the Korean peninsula and will demand that China halt its nuclear testing.

Shigeru Ito, head of the SDP's policy-making board, met with leaders from the parties of the triumvirate coalition Monday to brief them on the mission.

Foreign Minister Yukihiko Ikeda advised the SDP to bear in mind the proposal to hold four-way peace talks among North and South Korea, China and the United States to reach a peace accord for the Korean peninsula.

There was a plan for the Worker's Party of Korea to visit Japan, but it was canceled about a month ago.

The other two members of the ruling coalition are the Liberal Democratic Party and New Party Sakigake.

Japan: 'Informed Sources': DPRK Normalization Contacts Starting

OW2406133096 Tokyo KYODO in English
1308 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — A North Korean delegation arrived in Tokyo on Monday [24 June], indicating that another round of informal contacts on normalization of relations with Japan is in the making, informed sources said.

Yi Chol-chin, who heads the North Korean Foreign Ministry's Japan division, is expected to meet with officials of the Japanese Foreign Ministry's Asian Affairs Bureau, to sound out ways to resume the stalled negotiation talks, the sources said.

Yi held secret talks on normalizing talks with Japan in Beijing in March.

The delegation from the Disarmament and Peace Institute, a North Korean Foreign Ministry agency, is headed by senior researcher Kim Nyon-kil and is visiting on invitation of the Japan Institute of International Affairs, a Foreign Ministry affiliate.

Yi heads the North Korean Institute's Japan department.

The secret meeting in the Chinese capital took place March 18 and involved Yi and Koro Bessho, head of the Japanese Foreign Ministry's Northeast Asia Division.

Launched in early 1991, the normalization talks collapsed in November 1992 when North Korean negotiators walked out after Japan demanded information about a Japanese woman allegedly abducted by North Korean agents.

Japan: ROK's Kim Yong-sam Interviewed on Bilateral Ties

OW2506021896 Tokyo TOKYO SHIMBUN
in Japanese 21 Jun 96 Morning Edition p 2

["Gist" of an interview with ROK President Kim Yong-sam by Hirohiko Oshima, president of the CHUNICHI SHIMBUN (and TOKYO SHIMBUN) at the Blue House in Seoul on 19 June; the gist was prepared by the TOKYO SHIMBUN Seoul Bureau; first sentence is TOKYO SHIMBUN introduction]

[FBIS Translated Text] 20 Jun — The following is an interview with South Korean President Kim Yong-sam by Hirohiko Oshima, president of CHUNICHI SHIMBUN (and TOKYO SHIMBUN).

[Oshima] It has been decided that Japan and South Korea will co-host the 2002 World Cup soccer finals. Please comment about this.

[Kim] A new situation has arisen in which the two countries were chosen to co-host the World Cup. This is a heaven-sent opportunity. If one of them had been selected to solely host the World Cup, an extremely difficult situation would arisen. We should take advantage of this good chance to improve our bilateral relationship. If we miss it, we will not be able to repent too deeply. To discuss the bilateral cooperative relations from various aspects will benefit both countries and their people.

The World Cup has never been held under the auspices of two countries before. Neither the Federation of International Football Associations (FIFA) nor our countries, the ROK and Japan, have special intention with regard to this. The two countries' intention and resolve to co-host the games (are important). What matters is cooperation between people and the governments of the two countries.

Sports symbolize peace. I hope this will be a good opportunity for us to promote and maintain cooperative relations. The Korean people expect much from the World Cup and so do the Japanese people, I imagine. I hope that the two governments will build the new bilateral relationship in preparation for the 21st century by achieving great success in the World Cup.

[Oshima] The summit with Prime Minister Ryutaro Hashimoto is approaching. How would you handle it?

[Kim] I have been on friendly terms with him since he took office as the International Trade and Industry minister. During a summit with him held at the same time with the March Asia-Europe Meeting (ASEM), we have reached several agreements. Prime Minister Hashimoto has been faithful to those agreements and I believe the meeting was rewarding.

In the forthcoming meeting, we will have extensive discussion on ways to build the new bilateral friendly relationship toward the 21st century, as well as the DPRK (North Korean) issue and other concerns common to them, by taking advantage of the opportunity to co-host the World Cup.

[Oshima] What do you think about Japan-ROK relations?

[Kim] There is unhappy history between us. My basic view is that efforts should be made to build the future-oriented bilateral ties, while facing this fact. South Korea has diplomatic relations with all countries except Cuba, and our relationship with the United States and Japan are main pillars of our diplomacy. I explained so at my inaugural news conference, and there is no change in my view.

I think it is desirable for people of both nations to deeply recognize the unhappy past and take steps toward the future. Efforts should be made to this end. Many things remain to be done before people of the two nations reach a satisfactory recognition of their friendly ties.

[Oshima] How do you think Japan and the ROK should cooperate with each other in the growing Asia?

[Kim] Peace in Asia and the world is vital to the bilateral relationship. It is important that Japan, the economic superpower, win respect from all countries in the world. It is significant for it to maintain good relations with South Korea as well.

Given the common values, such as liberalism, democracy, and market economy, the ROK and Japan have maintained peace and stability in the East Asia, while seeking prosperity.

We have maintained close cooperative ties through the Asia-Pacific Economic Cooperation (APEC) and other frameworks based on such common interests. However, lately, we have been concerned about a series of incidents resulting from the unstable DPRK situation.

At present, the two countries are promoting consultations and cooperation through various channels, including summit talks, within the cooperative framework of the ROK, United States, and Japan. The most important task in handling the North Korean-related issue in the future is that these three countries will further maintain firm cooperative relations while conducting close consultations.

[Oshima] Please explain your recognition of the DPRK situation and inter-Korean relations?

[Kim] The DPRK's political and economic distress has been caused by internal factors, such as its political regime and policies. The DPRK itself needs to facilitate change and reform, and should abandon its hostile policy toward the ROK. However, North Korea has tried hard to improve only the relationship with the United States and Japan. Moreover, recently, it heightened tensions on the Korean peninsula by showing off its forces in the demilitarized zone.

We sent 150,000 tons of rice to North Korea last year, and has decided to provide it with government-level food aid worth $3 million at request of the United Nations. We also continue private sector-level assistance through the Red Cross. However, the DPRK's economic distress will not be eliminated no matter how hard foreign nations try to help it because the distress has been caused by the structural problem.

Last April, President Clinton and I proposed the "four-way talks" to fix peace in the Korean peninsula. The DPRK is the prime beneficiary of those talks.

[Oshima] Please explain your views on future political tasks and your successor.

[Kim] I will stick to "reform in stability" (as the political slogan). To make the ROK the most significant nation in the world is my wish. South Korea's goals can be concentrated on the following two: To join the group of industrialized nations; and to reunify the nation. I would like to energetically implement diverse policies in line with those goals during my remaining tenure of office.

In view of the Constitution and regulations of my party, it is not desirable to talk about my successor (the ruling party's presidential candidate) before the presidential election is held in December next year. To work hard on issues that are crucial to our country is what I should do as the president. Of course, I will talk (about my successor) when the time comes.

[Oshima] A question of forming new a fishery order has been under discussion in line with the territorial issue.

[Kim] During the ASEM in Bangkok, Prime Minister Hashimoto and I discussed this matter and clarified each other's stand. Although fishermen of both countries may not follow regulations sometimes, we have agreed to do our utmost to prevent government-level conflicts. I already gave strict directions in this regard (to concerned authorities) after returning from Bangkok.

[Oshima] Please give a message to Japanese people.

[Kim] South Korean and Japanese people are very close to each other. We should not hurt each other even in the slightest, and to prevent doing so will be favorable to bilateral ties. This is the first World Cup to be held under joint auspices. I would like to take advantage of the heaven-sent opportunity to improve bilateral ties while paving the way toward Japan-ROK cooperation.

Japan: Hashimoto's 'Apology' on Comfort Women Issue

OW2306024496 Tokyo KYODO in English 0227 GMT 23 Jun 96

[FBIS Transcribed Text] Cheju Island, South Korea, June 23 KYODO — Japanese Prime Minister Ryutaro Hashimoto, at a joint press conference with South Korean President Kim Yong-sam, apologized Sunday [23 June] to women forced into wartime sexual servitude for Japanese troops.

In response to a question from a South Korean reporter, Hashimoto made the apology, also saying he and Kim did not discuss the issue of the so-called "comfort women" during a summit meeting earlier in the day.

"I believe nothing but this 'comfort women' issue has been worse in hurting women's honor and dignity. I would like to express heartfelt apology and remorse," Hashimoto said.

Most of the estimated 100,000-200,000 women taken to wartime brothels for Japanese troops before and during World War II were from the Korean peninsula then under Japanese colonial rule.

Kim said the timing of any first-ever visit by the Japanese emperor to South Korea depends on efforts between the peoples of the two countries to build up rapport so that such a visit will be welcomed. The president expressed a positive stance toward the visit as an occasion to confirm friendship between the two countries.

The joint press conference concluded a two-day meeting between the two leaders on Cheju Island, South Korea.

Hashimoto and Kim stressed that they agreed to cooperate on the two countries' co-hosting of the 2002 World Cup soccer finals and to promote cooperation among Japan, South Korea and the United States to bring about peace and stability on the Korean peninsula.

Japan: Ikeda, ROK's Kong Discuss 'Comfort Women,' Disputed Islets

OW2306031796 Tokyo KYODO in English 0127 GMT 23 Jun 96

[FBIS Transcribed Text] Cheju Island, South Korea, June 23 KYODO — South Korean Foreign Minister Kong No-myong on Sunday [23 June] expressed hope that Japan would settle the issue of wartime "comfort women" for the benefit of the former sex slaves, officials said.

Kong made the request in a meeting with Japanese Foreign Minister Yukihiko Ikeda who is traveling with Prime Minister Ryutaro Hashimoto on his two-day trip to the South Korean resort island of Cheju, the officials said.

During the meeting, the officials said, Ikeda and Kong pledged efforts to quietly foster solutions to fishery and 200-nautical-mile zone issues by keeping in mind the territorial dispute over a group of islets in the Sea of Japan.

Historians estimate that up to 200,000 women, mostly from the Korean peninsula, were forced to provide sex for the Japanese Imperial Army in front-line camps before and during World War II.

A diplomatic row over the rocky islands in the sea of Japan, called Takeshima in Japan and Tokto in South Korea, flared up when South Korea's plan to build a wharf on the islets became public earlier this year, straining bilateral ties.

Japan responded by renewing its claim to the islets. Both nations have claimed the islets in declaring a 200-mile exclusive economic zone around each country's coastline.

The islets fall within both countries' 200-mile zones, but Japan and South Korea have agreed to negotiate a new fisheries pact separately from the territorial dispute.

Japan: Hashimoto Acknowledges Discussing 'Comfort Women' With Kim

OW2406041896 Tokyo KYODO in English 0323 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Prime minister Ryutaro Hashimoto acknowledged Monday [24 June] that during a two-day weekend summit he and South Korean President Kim Yong-sam touched on Japan's wartime sexual slavery of Asian women.

"It is inaccurate to say there were not (such discussions) but it is also accurate to say there were," Hashimoto told reporters at his official residence following the meeting through Sunday of the two leaders on the South Korean island of Cheju.

The subject was not among those officially slated for discussions, but during Saturday's dinner session Hashimoto broached the issue to Kim by saying, "if it had been on the agenda, we would have been discussing it like this," the premier said.

At Sunday's joint press conference with Kim, Hashimoto said they did not discuss the so-called "comfort women" issue during their official session earlier in the day.

Afterwards Japanese officials said there were no discussions between the two leaders on the matter but South Korean officials told Japanese reporters that Hashimoto had told Kim almost exactly the same thing as he had said at the press conference.

During the press conference, the premier said, "I believe nothing has injured women's honor and dignity more than this 'comfort women' issue. I would like to express heartfelt apology and remorse."

The sex slave issue has been the subject of great concern in South Korea because most of the estimated 100,000 to 200,000 women forced to provide sex on the front line to Japanese soldiers before and during World War II were taken from the Korean Peninsula, which was then under Japanese colonial rule.

Japan: Hashimoto Vows To Check Claim of 'Inaccurate' History

OW2406080696 Tokyo KYODO in English 0648 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Prime Minister Ryutaro Hashimoto vowed Monday [24 June] to check into a claim that some "inaccurate" research exists in Japan on the country's wartime atrocities in Asia, a government spokesman said.

At a regular meeting of leaders from the government and the three ruling parties, Masakuni Murakami, secretary general of the House of Councillors bloc of the Liberal Democratic Party (LDP), noted that in some parts of Japan there are some inaccurate studies on the issue, the spokesman told a press conference.

Hashimoto, president of the LDP, promised Murakami to check if such research exists and if so check its contents, said the spokesman, Deputy Chief Cabinet Secretary Kazo Watanabe.

Murakami referred to the controversy over photos at a war memorial museum in the atomic-bombed city of Nagasaki concerning Japan's invasion of Asia before and during World War II.

Murakami made the remark after mentioning Sunday's agreement between Hashimoto and South Korean President Kim Yong-sam at their meeting on the South Korean resort island of Cheju that the two countries will promote joint research on history to promote rapport between the former aggressor and colony, the spokesman said.

Referring to the joint study, Foreign Minister Yukihiko Ikeda told the gathering that academic experts from the two countries will hold their first meeting on the matter before the end of this year, the spokesman said.

Japan: Ikeda Says Joint History Study With Korea To Start Within Year

OW2406140796 Tokyo KYODO in English 1201 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japan decided Monday [24 June] to launch joint studies with South Korea by the end of the year on the past history of the two neighboring countries, officials said.

Foreign Minister Yukihiko Ikeda made the statement on the initiative at a meeting of government and ruling coalition party leaders, the officials said.

The move came after Prime Minister Ryutaro Hashimoto and South Korean President Kim Yong-sam agreed this past weekend to hold the first round of joint studies at an early date, with academics from the Japanese and South Korean private sectors present.

A high-ranking Foreign Ministry official said the process of joint work between the two countries itself bears significance from the perspective of boosting bilateral relations.

It is unclear, however, whether Tokyo and Seoul can begin the studies smoothly because they remain far apart on what role both governments should play in the research.

While Seoul wants the two governments to be actively involved in the process, Tokyo hopes to leave it up to the private sector and limit the governments to indirect support.

Japanese-South Korean relations have often been strained as many South Koreans still harbor bitter memories of Japan's colonial rule over the Korean peninsula from 1910 to 1945.

Japan: Editorial Views Outcome of Hashimoto-Kim Summit Meeting

OW2406140596 Tokyo MAINICHI SHIMBUN in Japanese 24 Jun 96 Morning Edition p 5

[Editorial: "Japan-ROK Summit — Last Chance for the Future"]

[FBIS Translated Text] On 23 June, Prime Minister Ryutaro Hashimoto and ROK President Kim Yong-sam held a news conference after concluding their summit meeting in the ROK island of Cheju. They disclosed that Japan and the ROK have reached agreement on, among other things, cooperation to make the 2002 World Cup soccer tournament a success. Although the two leaders have been advocating future-oriented relations, they seem to have failed to communicate well with each other. Finally, however, it seems their relationship has gotten back on the right track.

The relations between Japan and the ROK have been marred by malicious legacies left behind after Japan placed Korea under colonial rule in the past. To resolve this problem, the ROK has spelled out a new stance. For example, it has admitted that "it was also the fault of the oppressed," and is proposing "building a future-oriented relationship."

Meanwhile, Japan has repeatedly made its own efforts to improve the bilateral relations. For example, the Emperor has expressed "regret" and the prime minister has expressed apology to the ROK. However, some incumbent cabinet ministers and other officials have made statements justifying Japan's colonial rule over the Korean peninsula, and, as a result, many people in the ROK have become more distrustful of Japan, saying: "We cannot trust the Japanese people."

The summit meeting in Cheju Island has finally sorted out the bilateral relations which have recently been stirred up.

Prime Minister Hashimoto clearly made reference to the pains brought upon the people of the Korean peninsula in the past, clearly stating that Japan cannot flee from its "responsibilities in the future," as well as the "burdens of the past." Regarding the comfort women issue, Hashimoto indicated that this issue "has injured women's honor and dignity."

We would like to praise the prime minister's attitude of facing past mistakes straightforwardly and mentioning Japan's responsibilities for the future. However, the problem lies in how to put this into action. The people of both nations are sick and tired of hearing leaders making promises and apologies that merely turn out to be empty words. It is desired that they make sure that what they say leads to promoting friendly relations between Japan and the ROK. What is most essential to that end is for the leaders of the two countries to hold frank, open talks and visit each other's country more frequently. It is desired that President Kim pay casual visits to Japan, taking advantage of weekends. The leaders, themselves, should take the initiative to fulfill their commitment to build friendly relations. It is also desired that the people as well as the mass media of the ROK discard their near-sighted manner of thinking in which they seek results after every summit meeting.

Hashimoto and Kim agreed to pour efforts to seek success in the joint-hosting of the World Cup soccer tournament. They also agreed that "Japan's role is important" for peace and stability in the Korean peninsula. To that end, they vowed that the two countries would maintain close contact. What they agreed on is sound, and they have the right understanding. The international situation surrounding the Korean peninsula is expected to change drastically by the time the World Cup soccer tournament opens six years from now under joint Japanese-ROK sponsorship. For example, Japan and the DPRK may have normalized diplomatic relations by then. Unless the people of Japan and the ROK manage to restore mutual trust in this turning point in history, it may become nearly impossible to build friendly bilateral relations over the next few centuries.

If Japan fails to gain the trust of its neighbors, its foreign policy, as well as its peace and security, will be considerably jeopardized. Such an option would not be compatible with the interests of the ROK, either.

That is why a successful joint-hosting of the World Cup soccer tournament can be considered a historical project that can determine the future of the two countries. In the course of history that is expected to lead to the normalization of diplomatic relations between Japan and the DPRK and the unification of the Korean peninsula, the greatest diplomatic task imposed on Japan is to gain the trust of the people of the ROK.

The summit meeting in Cheju Island was the first step to take advantage of what may be called the last chance that history has given us. It is desired that the two leaders further deepen their personal relationship and carry out diplomacy, always keeping in mind that they must try to leave legacies of friendship to the future generations of the two countries.

Japan: Editorial Comments on Japan-ROK Summit, Relations

OW2506103796 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jun 96 Morning Edition p 2

[Editorial: "Can Japan, ROK Build Ties Similar to Those Between Germany and France?"]

[FBIS Translated Text] Prime Minister Ryutaro Hashimoto and President Kim Yong-sam held summit talks on Cheju in the ROK and confirmed broad Japan-ROK cooperation. We welcome this agreement.

Following the improvement of their economic standings, relations between Japan and the ROK became important not only to both countries but also to the international community. In terms of security, in particular, cooperation between the two countries — which are neighbors of the DPRK (North Korea), the main cause of instability in East Asia — and the United States, which has ties of alliance with both Japan and the ROK, are of great importance.

To Japan, nothing is more troublesome than its ties with the ROK. Most of the difficulties stem from the unfortunate history between the two counties. Ever since last fall, public opinion in the ROK has stiffened over the interpretations of the Japan-ROK treaty and the Takeshima issue.

There were times when some people worried about the possible impact on Japan-ROK ties of the issues of holding the 2002 World Cup soccer games and food aid for North Korea. A decision was made on co-hosting the world cup games and an agreement was reached for the time being to settle the food aid issue by having Japan, the U.S., and the ROK contribute money to the United Nations' food aid program [for North Korea]. In this way, the possibility that the issues would develop into political problems between the two countries was avoided.

Regarding the issue of co-hosting the World Cup soccer games, there are many concrete problems, about which people in the sports worlds in both countries will be forced to have detailed discussions. Both countries are also expected to face various difficulties in dealing with North Korea. At the recent summit talks, both leaders confirmed their fundamental stand that they would deal with difficulties through discussion. We would like to welcome this as an important agreement.

The so-called reckless remarks by Japanese politicians on history which worsened relations between Japan and the ROK, were the main causes of the trouble. We do not have to stress repeatedly that Japan needs to sincerely deal with the issues of history. In this sense, the recent agreement to hold a specialists' meeting to be attended by intellectuals from the private sector for the joint study of the history is significant.

We would like to ask something of the ROK side too. Although it seems that the South Korean ruling party's political technique to avoid domestic difficulties is to instigate hard-line views against Japan; the ROK should realize that such a practice will have a serious and negative impact on Japan-ROK relations. We hope that the ROK will review its policy of characterizing the inflow of Japanese mass culture as a "cultural invasion."

Germany and France, who also face historic problems like Japan and the ROK, pledged to each other to take concrete steps to overcome the past by using the 1963 Franco-German cooperation treaty. This was the product of the leadership of Konrad Adenauer and Charles de Gaulle. It does not mean that the ill feelings in France have been dispelled completely but the ill feelings in France are very much different from the South Korean feelings against Japan. What Japan and the ROK should seek in Asia are relations similar to the ties between Germany and France.

Japan: Central Bank Official on Signs of Economic Recovery

OW2106130596 Tokyo KYODO in English 1234 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — A self-sustaining recovery of the Japanese economic is in sight thanks to a pickup in corporate capital spending and personal consumption, a senior official of the Bank of Japan (BOJ) said Friday [21 June].

Although falling semiconductor prices may force chip makers to revise their capital spending outlays downward, a steep fall in overall plant and equipment investment is unlikely, said Masayuki Matsushima, head of the BOJ research and statistics department.

Analysts said Matsushima's view reflects the central bank's somewhat more favorable outlook than before for corporate capital spending.

Earlier in the day, the central bank released a report saying the Japanese economy is continuing its gradual recovery.

The report noted high levels of public works spending and housing investment, and a gradual recovery in plant and equipment investment. It also noted that the employment situation remains difficult and is forestalling a sharp pickup in personal consumption.

Matsushima said although gross domestic product (GDP) figures for January-March, which were released Tuesday, testified to Japan's slow but steady economic recovery, they are not the only factor that has prompted the Bank of Japan to change its view of economic activity.

Japan: New Economic Agency Vice Minister Welcomes GDP Growth

OW2106085896 Tokyo KYODO in English 0733 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — The new vice minister at the Economic Planning Agency (EPA) said Friday [21 June] the rapid economic growth shown in the gross domestic product (GDP) figures for the first quarter of 1996 was "quite good."

Shimpei Nukaya told a press conference that "all the good effects of the leap year and the economic policy" contributed to the good results.

He added, "the recovery is not only due to the temporary factors since investments and consumption are also surging."

Private-sector demand is "in the process of taking over" the public-sector role that has pulled the economy, Nukaya said.

Japan's inflation-adjusted GDP grew 3.0 percent in the January-March quarter from the previous quarter at an annual growth rate of 12.7 percent, the highest in 23 years.

Nukaya's predecessor Makoto Kobayashi, who also attended the press conference, looked back on his work and acknowledged, "my grasp of its coming effect and the social requirement was, in fact, weak."

He was referring to the delayed declaration he made on the end of the asset-inflated "bubble" economy, and said, "the basic problem was that the EPA was not in a habit of saying anything about the moves of land prices."

Japan: Cabinet Approves Consumption Tax Hike to 5 Percent

OW2506022096 Tokyo KYODO in English 0125 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The cabinet of Prime Minister Ryutaro Hashimoto, at its regular meeting Tuesday [25 June], authorized the planned raising of the consumption tax to 5 percent from the current 3 percent, effective April 1, 1997.

The cabinet endorsement of the tax hike followed last Friday's formal go-ahead by the Tax Commission, an advisory body to the prime minister, and the tripartite ruling coalition.

The tax hike plan is part of a comprehensive taxation reform bill enacted in November 1994, which says a formal decision on whether or not to introduce the new rate should be made before Sept. 30 this year with consideration given to such factors as future social security costs and progress in administrative and fiscal reforms.

The new rate is smaller than the 6 percent or so vigorously sought by the Finance Ministry as a way to build up the national coffers amid the fiscal constraints.

But, even the 5 percent hike will impose an additional 80,000 yen of expenses on a household with yearly earnings of roughly 7 million yen, possibly curtailing actual household spending by 1.8 percent in fiscal 1997, according to estimates by private think tanks.

The Tax Commission said in its opinion paper released last Friday that the 5 percent consumption tax is roughly equal to the permanent cuts in income and residential taxes implemented in advance under a revised progressive levy system from 1995.

Besides, as social security expenses are expected to increase with the aging of the populace, it is feared the nation's critical fiscal conditions could deteriorate further if the present situation is left as it is, the paper said.

The three ruling coalition parties — the Liberal Democratic Party, the Social Democratic Party and New Party Sakigake — have also agreed to the 5 percent consumption tax but have proposed the study of measures to help vulnerable citizens under the new rate, including temporary welfare benefits.

The parties agreed to continue studying whether to introduce a reduced tax rate for food and beverages, as well as ways to ease the so-called double taxation stemming from the existence of specialized indirect taxes on medical care, liquor, automobiles, housing, petroleum products, lodging, and wining and dining.

In addition to the current 3 percent consumption tax, a 3-3 percent acquisition tax is imposed on automobiles, for example, as specialized indirect tax.

With the key consumption tax issue settled, the focus of attention has shifted to whether or not to maintain beyond 1996 a special income and residential tax cut which was implemented as a temporary step to prop up the then weak economy by stimulating private demand, analysts said.

Both the Tax Commission and the ruling coalition postponed a decision on the issue beyond the fall.

Japan: Hashimoto Stresses Consumption Tax Raise Agreed in 1994

*OW2506051196 Tokyo KYODO in English
0348 GMT 25 Jun 96*

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Prime minister Ryutaro Hashimoto refuted public criticism Tuesday [25 June] of the planned rise of the 3-percent consumption tax to 5 percent next April, saying the increase had already been agreed under the 1994 tax reform package.

"Please do not misunderstand. We have simply confirmed what we decided in 1994," he said in a brief group interview shortly before leaving for Lyons, France, to attend the Thursday-Saturday summit of the Group of Seven (G-7) industrialized nations.

But Hashimoto acknowledged that raising the consumption tax rate might negatively affect the recovery of the Japanese economy.

Earlier in the day, Chief Cabinet Secretary Seiroku Kajiyama appealed to the public to accept the tax rise as a means to build up Japan's state finances, which are heavily dependent on government bonds.

Asked whether the government might continue special cuts in income and residential taxes next year, Kajiyama told a press conference it will depend on careful study of the likely economic effects of such tax reductions combined with the consumption tax rise.

The Tax Commission and the ruling coalition have postponed until winter a decision on whether to maintain beyond 1996 special cuts in income and residential taxes which were implemented as a temporary step to support the economy by stimulating private demand.

At its regular meeting Tuesday, the cabinet authorized the raising of the consumption tax from April 1, 1997.

During the cabinet session, Environment Agency chief Sukio Iwatare called for measures to help vulnerable citizens cope with the rise, such as temporary welfare benefits, Kajiyama said.

Economic Planning Agency head Shusei Tanaka told the cabinet meeting that the government must promote reform by streamlining public administration and cutting state spending, he said.

The plan to raise the consumption tax is part of a comprehensive taxation reform bill enacted in November 1994, which says a formal decision on whether to implement the new rate must be made before Sept. 30 this year, taking into consideration such factors as future social security costs and progress in administrative and fiscal reforms.

Japan: Economic Planning Chief Says Tax Reforms Good for Economy

*OW2506052396 Tokyo KYODO in English
0446 GMT 25 Jun 96*

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The ongoing tax reforms, including the planned hike in the consumption tax next April, are in general helpful for the Japanese economy, the head of the Economic Planning Agency said Tuesday [25 June].

"Seeing that favorable effects of previous cuts in taxes are accumulating, the tax reforms have as a whole positive effects on the economy," Shusei Tanaka told a press after a cabinet meeting.

He said the planned hike in the consumption tax from 3 percent to 5 percent "will affect consumer consumption due to one-time rises in the prices of products."

But the Japanese economy is expected to get into a "self- sustaining" recovery phase this fiscal year, so the consumption tax hike "will not become a major factor to reverse the recovery course," he said.

The agency will shortly report its calculations on the impact of the tax hike on the economy and prices, Tanaka said.

Japan: Sakura Bank First To Use Internet Money

*OW2106062996 Tokyo KYODO in English
0607 GMT 21 Jun 96*

[FBIS Transcribed Text] Tokyo, June 21 KYODO — Sakura Bank is planning to test-run the use of digital money on the internet in October, the first time for a Japanese bank to do so, a bank official said Friday [21 June].

With the participation of bank employees and customers, the major commercial bank will initially run a test service for checking the balances of bank deposits.

By the end of the fiscal year ending March next year, the bank hopes to experiment with the transfer of money between deposit accounts, the bank official said.

Tests will also be made with procedures for opening bank accounts and withdrawing money from and depositing money into deposits through internet terminals, he said.

If the experiments progress smoothly, Sakura Bank could start offering the new internet service as early as next year, the official said.

The bank has already developed its own digital code technology to safeguard against possible fraud in the new computer network service, he said.

Japan: License Issued to Fuji Bank's Trust Bank Subsidiary

OW2506052196 Tokyo KYODO in English 0428 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The Finance Ministry on Tuesday [25 June] issued a business license to Fuji Trust and Banking Co., a wholly owned subsidiary of Fuji Bank, ministry officials said.

The new trust bank, with capital of 10 billion yen, will begin operations Friday, the officials said.

Fuji is the seventh major Japanese commercial bank to establish a trust bank subsidiary.

Japan: Market-Value Accounting Considered for Nonfinancial Firms

OW2106140196 Tokyo KYODO in English 1327 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — A government panel will work to have nonfinancial companies introduce a market value-based accounting method for calculating such financial assets as stocks, bonds and derivatives, panel sources said Friday [21 June].

The Business Accounting Council, an advisory body to the finance minister, will also call on companies to reveal more information on their affiliated businesses, they added.

Both moves are aimed at facilitating greater disclosure of corporate information, and to meet criticisms from overseas business and industry circles that Japanese companies do not release sufficient information, the sources said.

They said the panel will set up a special subcommittee in July to discuss the decisions, as well as introduce accounting standards for corporate expenditures on pension funds and costs for research and development.

It plans to come up with a report in about two years, the source said.

The Finance Ministry has already decided to have banks and securities companies record assets at current values rather than at their acquisition costs, starting from spring 1998.

But nonfinancial corporations have so far been left untouched by the reform.

At present, Japanese companies are allowed to calculate their securities holdings on the basis of their acquisition cost or at market or book value, whichever is lower.

Under the cost accounting method, however, it is difficult for investors to accurately grasp the financial state of businesses because their losses remain hidden as long as assets are held.

By contrast, the market-value method forces companies to disclose earnings or losses at the end of each accounting term, based on current values, thereby giving their balance sheets greater transparency.

As for the disclosure of group business information, the panel plans to determine the scope of subsidiaries whose business results are to be included in consolidated business reports.

A report is likely be ready on this issue at the beginning of next year, the sources said.

Japan: Unrecoverable Housing Loans Said Rising Sharply

OW2206022296 Tokyo KYODO in English 0055 GMT 22 Jun 96

[FBIS Transcribed Text] Tokyo, June 22 KYODO — The amount of unrecoverable housing loans to individuals is rising sharply against the background of declining incomes after the burst of the so-called bubble economy, an economic daily reported Saturday [22 June].

Loans by the Governmental Housing Loan Corp. overdue by six months or more numbered 9,412 at the end of March, the highest level in eight years and almost doubling from a year earlier, the NIHON KEIZAI SHIMBUN said.

Housing Loan Corp.'s overdue loans are estimated to have reached 140 billion yen, and the proportion of overdue loans to total loans rose to 0.16 percent from 0.07 percent at the end of March 1991, the paper said.

The assumption of debts by a public entity which guarantees debts held by individuals to Housing Loan Corp. numbered an all-time high of 8,493 in fiscal 1995 which ended last March, the paper reported.

If individuals' loans to Housing Loan Corp. are overdue for six months or more and they cannot repay the loans at an early stage, the public entity will repay the debts to Housing Loan Corp.

Housing Loan Corp. and private financial institutions, which also have a growing number of bad loans to individuals, will be forced to introduce tougher screening of new lending applications or raise assurance fees, the newspaper said.

Japan: Bad Loan Balances of 20 Major Banks Drop

OW2306020096 Tokyo KYODO in English
0131 GMT 23 Jun 96

[FBIS Transcribed Text] Tokyo, June 23 KYODO — The balance of bad loans that Japan's 20 major commercial banks extended to nonbank financing firms, excluding seven moribund "jusen" housing loan companies, stood at an estimated 5.7 trillion yen as of the end of last March, the YOMIURI SHIMBUN newspaper reported Sunday [23 June].

The 20 banks consist of 10 "city" commercial banks, three long-term credit banks and seven trust banks.

The national daily, quoting a survey by the finance ministry, said the balance represents a 19.9 percent fall from six months earlier.

Of the total bad loans, the combined amount at the city banks accounted for 3 trillion yen, down 26.8 percent from six months earlier, the amount for long-term credit banks totaled 1 trillion yen, up 11.1 percent, and that for trust banks was at 1.7 trillion yen, down 15.0 percent, the paper said.

The three long-term credit banks — the Industrial Bank of Japan, the Long-Term Credit Bank of Japan and Nippon Credit Bank — thus lagged far behind the city and trust banks in writing off bad loans they had extended to nonbank moneylenders such as consumer credit firms and leasing companies, it said.

The newspaper said the ratio of bad loans to nonbanks to total lending to them improved to 23 percent at the end of last March from 31 percent at the end of last September, the paper said. In contrast, little progress was seen in trust and long-term credit banks, it added.

The daily said the reason stemmed mainly from trust and long-term credit banks giving top priority to writing off such loans at the housing loan firms.

Japan: EPA Urges Firms To Cope Better With Asian Projects

OW2406153596 Tokyo KYODO in English
1337 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japanese companies need to strengthen their ability to carry out infrastructure improvements because Asian economies are increasing their reliance on the private sector for such projects, the Economic Planning Agency (EPA) said in a report Monday [24 June].

Japanese companies are lagging behind western companies and overseas Chinese merchants in implementing infrastructure improvement projects, the EPA said.

To fill the gap, Japanese companies involved in the projects should be exposed to more competition through deregulation so as to become more capable of coping with a variety of risks.

In the White Paper on economies in the Asia-Pacific region east of Pakistan, including China, Thailand and Australia, the EPA said Asian economies are increasing the use of private companies for upgrading their infrastructures because financial assistance from developed countries is decreasing.

The liberalization of the capital market has also contributed to an increase in private companies' involvement in the projects, the EPA said.

To maintain their robust economic growth, Asian economies are expected to annually spend some 7 percent of their gross domestic product on information and communications facilities, expressways and infrastructures in the coming decade, the EPA said.

Japan: Hashimoto Calls Foreign Share in TV Asahi 'Natural'

OW2106125296 Tokyo KYODO in English
1222 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — Prime minister Ryutaro Hashimoto said Friday [21 June] a Japan-Australia partnership's planned purchase of a stake in a Japanese television network is a natural part of economic "globalization."

"Globalization means such a phenomenon. It is a matter of course that we enter such a state if we proceed with what you call deregulation and liberalization," he told reporters at his official residence.

Hashimoto said, "it is up to the domestic media to counter the impact by maintaining high-quality news coverage and providing high-quality information."

Earlier in the day, Posts and Telecommunications Minister Ichiro Hino welcomed Thursday's announcement that Japanese computer software company Softbank Corp. and News Corp. of Australia will acquire a 21.4 percent equity stake in Asahi National Broadcasting Co. (TV Asahi).

"It is welcome" that foreign companies will enter the media market within the framework of Japan's radio law to help promote competition, he said.

Hino said it is important to ease regulations as much as possible and allow foreign companies to enter the market to promote competition.

Japan: Nuclear Plant Shutdowns Expected To Boost Electricity Rates

OW2406142696 Tokyo KYODO in English
1228 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Closures of obsolete atomic power plants in the future may boost electricity rates, electric power industry sources said Monday [24 June].

The sources made the observation in connection with a decision by Japan Atomic Power Co. to dismantle Japan's first commercial nuclear power plant in the village of Tokai, Ibaraki Prefecture.

The sources said the average life span of atomic power plants is estimated at about 40 years, and 21 of 49 facilities currently in operation will be dismantled in the not distant future.

Power companies have been engaged in developing technologies to extend the life span of atomic power plants, but old facilities will have to be shut down sooner or later, they said.

Dismantling costs, which are estimated at about 0.15 yen per kilowatt hour of electricity generation, have already been reflected in electricity rates, the sources said.

In addition, they said power companies established reserves in fiscal 1988 to cover future dismantling costs.

Expenditures which cannot be covered with the reserves, however, will have to be passed on to electricity rates, the sources said.

Japan Atomic Power Co. said it plans to approve a 25 billion yen outlay for the dismantling of the plant at a board meeting on Friday.

The appropriation does not include outlays for nuclear waste disposal, and the final amount of expenses will be much higher, the company said.

Japan: MITI Urges Strengthening Defense Industry for Emergencies

OW2306035096 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Jun 96 Morning Edition p 5

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has compiled a report calling for strengthening the defense industry's technological and manufacturing bases to maintain defense strength capable of dealing with emergency situations. Japan's defense spending has been restrained since the end of the Cold War, leaving the defense industry in a grievous condition. The report urges defense-related companies to increase business strength through reorganization, while calling on the government to review the Defense Agency's [DA] procurement methods as a measure to help defense-related firms.

The report was compiled by the "Committee for Study of Defense Industry-Related Problems" (chaired by Tokai University professor Hajime Karatsu), an advisory body to the head of the Machinery and Information Industries Bureau. Because of the increasing tension on the Korean peninsula, the government has made efforts to enhance the nation's capability to deal with emergencies. In response to this movement, MITI studied measures to increase defense capability from the viewpoint of the defense industry.

The report points out that the defense industries of the United States and European countries endeavor to increase their business strength through mergers and acquisitions. It then stresses: "The Japanese defense industry should not hesitate to consolidate development and production sectors and reorganize subcontractors."

As a measure to assist defense-related firms, the report urges the government to review procurement methods and introduce a bidding system, under which companies will be reimbursed for lower costs.

Japan: Keidanren Chairman Urges Reform, Leaner Government

OW2406142896 Tokyo KYODO in English
1236 GMT 24 Jun 96

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japan should have a leaner government if it aims at further raising the consumption tax after the planned hike to 5 percent next April, Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), has said.

Toyoda said in a recent interview with KYODO news, "Administrative reforms must be thoroughly carried out before lifting the consumption tax" rate further from 5 percent.

The further rate rise could be achieved under the context of correcting the gap between direct and indirect tax ratios as the proportion of direct taxes is relatively high at present, Toyoda said.

"But our stance remains unchanged that a lean government should be realized as a prerequisite" even for taking such an option, Toyoda said.

Toyoda's comments came in response to speculations that the Finance Ministry is aiming another hike in the consumption tax in the future to improve the government's severe fiscal situation.

As part of actions to create a lean government, Toyoda said the private sector should continue to have a role in a nursing care insurance system.

A plan to make such insurance goverment-sponsored is under consideration.

"I don't deny a role by the government in the area but nursing care will become a growth industry with the rapid aging of the Japanese society, thus expanding the role of the private sector in it," Toyoda said.

Japan: Survey Indicates 1,130 Candidates in Next Election

OW2206094296 Tokyo KYODO in English 0920 GMT 22 Jun 96

[FBIS Transcribed Text] Tokyo, June 23 KYODO — A total of about 1,130 candidates will run in the next House of Representatives election, which will be held under a new electoral system, according to a KYODO News survey.

The next general election will be conducted under the new system in which 300 lower house members will be elected from single-seat constituencies and another 200 members through a proportional representation system.

Candidates of the Liberal Democratic Party (LDP), the largest group of the ruling coalition, and those of the major opposition Shinshinto (New Frontier Party) will face off in almost 210 single-seat constituencies, the survey shows.

The Socialist Democratic Party (SDP) and New Party Sakigake, the other two coalition partners, have lagged behind in terms of preparation for the next election, the survey suggests.

The two parties have been shaken by the possible formation of new political parties, political analysts said.

The bid of Sakigake chief Secretary Yukio Hatoyama to form a new party before the election could lead to a realignment of Japanese politics, they said.

The Japanese Communist Party (JCP) has almost concluded its nomination of candidates for the election, the survey shows.

In the wake of the conclusion of the plenary Diet session earlier this week, political parties have started preparations for the dissolution of the lower house and the consequent general election, which could take place as early as this autumn, the sources said.

According to the survey, about 1,050 candidates will vie for 300 seats under the single-seat constituency system, and the figure includes some 30 who are also slated to be listed as candidates for the proportional representation system.

Some 80 will join only the race in the proportional representation system, it said.

The LDP will field nearly 280 candidates, including 259 officially sanctioned and three recommended candidates, the survey showed.

The party has already concluded its preparations in the regions of Tohoku, Chugoku and Shikoku and nominated candidates in all constituencies in several prefectures such as Kanagawa, Shizuoka and Kumamoto.

Shinshinto will compete in the 230 single-seat constituencies, with 228 officially approved candidates and one recommended candidate.

The main opposition party will compete for almost all single-seat constituencies in densely populated prefectures, including Kanagawa, Tokyo, Aichi, Osaka and Fukuoka, the survey revealed.

Shinshinto will also nominate its candidates in nearly all single-seat constituencies in prefectures such as Iwate, Nagano and Kumamoto where its senior politicians have been elected.

Although the SDP has decided to field 150 candidates for single-seat constituencies, less than its previous goal, it has picked roughly 80 candidates, the survey said.

Sakigake has named less than 50 candidates even though it previously states it would field 100.

Japan: Group Urges Early General Election

OW2406155096 Tokyo BUNGEI SHUNJU in Japanese Jul 96 pp 94-100

[Article by Ken Moroi, political-economic commentator, chairman of Chichibu-Onoda Corporation, and secretary of the "Society to Study a Grand Vision for Japan": "Dissolve the Diet Immediately"]

[FBIS Translated Text] Recently, we, the "Society to Study a Grand Vision for Japan," sent to all the people concerned our "position paper" titled "Proposal on Political Reform" (hereinafter the "Proposal"). (This group is represented by Tadao Ishikawa, professor emeritus of Keio University; Gaishi Hiraiwa, consultant to Tokyo Electric Power Company; and Yasushi Mieno, former governor of the Bank of Japan, and participated in by 15 other members.)

I would like to explain here once again what our "Society to Study" seeks in the "Proposal."

For 50 years since the end of the war, Japan has benefited from peace at home and abroad, and has taken the path to become a big "economic power." But since the early 1980's the country has neglected to carry out the work of reforming and making its social system more compatible with the drastic changes of the times.

You all know what has happened as a result. Japan has come to a dead end politically, economically and socially. It is about to encounter the most serious crisis in its history. Should the country fail to have a new system soon, it could be left out of the changes of the world, take the path of further economic decline, and degenerate into a country without capabilities to make any international contributions.

"The Society to Study" is afraid that if something is not done immediately to deal with these critical conditions, this country called Japan could fall into a greater-than-imagined dismal situation. Indeed, the "Proposal" is a product born out of our feeling of crisis.

Mosaic Political Parties

The people who should play the most important role in system restructuring are none other than the politicians themselves. There is no doubt that the bureaucrats of Japan are smart and can play a major role in the work of getting restructuring programs enforced, but they by themselves cannot decide on which way to go in restructuring the system.

But now, looking at the current political situation, can we say that the Diet is performing its function as a "center of debate and discussion"? To our regret, what is going on at the current Diet session shows that, regarding the jusen issue and the issue of redefining the Japan-U.S. security pact, the Diet is hardly holding any debates focussing on the core issues.

That the Diet is not able to perform its normal function as the national "center of debate and discussions" is due primarily to the fact that both of the two biggest parties, the Liberal Democratic Party [LDP] and the New Frontier Party [NFP], are "mosaic parties" with differing views inside the parties. In addition, the Social Democratic Party [SDP], the third biggest party, remains the party of old thinking and has internal divisions.

Specifically, the fact that the political world realignment process is still in progress and its end is not in sight, it is inevitable that politics will come to a standstill.

You may recall, a subtitle to our "Proposal" is "Implement Real Political Reform to Realize Politics Which Enables Decision Making Based on Outcome of Thorough-Going Discussions." What is asked of Japan's politics now indeed is to "make decisions."

Even before the "Society to Study" was formed, the economic circles had talked about the need for political reform now and then. Every time that issue was raised, discussions inevitably turned to the evils created by the LDP's one-party rule. In order for the LDP to maintain its one-party rule, it needed to have more than one of its members elected from each of the constituencies, so it needed the medium electoral district system. In order to remain in power and keep the system, the party needed to have political funds and political factions, and this inevitably led to a series of scandals and to a vicious cycle of the public becoming mistrustful of politicians. Subsequently, the political system has stopped performing its expected function.

Then there is the question: What is the function the political system is expected to perform? In short, its function is to come up with a balanced policy supported by a majority of the people. To make that possible, it is desirable for the nation to have two major political parties with opposing poles of policies, and with capabilities to take over power. These two parties should vie with each other to win a majority in each election. Only through this process can the country choose balanced policies.

Of course, the two opposing policy poles nowadays should mean policy differences within the centrist course, i.e. the right-of-center or the left-of-center which means somewhat liberal economic policy lines or somewhat welfare-centered economic policy lines. There can no longer be the condition of the parties being poles apart as were those between capitalism and communism in the past.

For instance, should it happen that a labor party nationalized private businesses upon assuming power and then a conservative party privatized them back upon coming into power, it would certainly create chaos — but that kind of situation is unthinkable. It can be safely said that policy differences will remain within an adjustable range.

Some might say there should be continuity in foreign policies at least. But even in that area, for instance, in such questions as those of whether Japan should participate in the UN peacekeeping forces [PKF] operations or what roles Japan should play in Far East security, there could be some differences of views inasmuch as this involves Japan's relationship with the United States, the United Nations, and other Asian countries. Some differences in thinking should be accepted even in this area of foreign affairs.

With the Hosokawa government as a start, the nation has seen so many forms of coalition governments. In the past three years of coalition governments being in power, the premiership has changed from Morihiro Hosokawa, to Tsutomu Hata, to Tomiichi Murayama, and now to Ryutaro Hashimoto. In the meantime, Ichiro Ozawa has risen to the top of the NFP, and Japan's political fight for power now is that of "Ozawa vs. Hashimoto."

But the differences of view between these two are not too great. To talk about the LDP, the man who is rather different from others is Koichi Kato. Right now Kato is the man who wants to maintain the LDP's coalition with the SDP and New Party Sakigake [harbinger]. It would not be an exaggeration to say that Hashimoto and Seiroku Kajiyama are only riding with him.

As for the NFP, there is no question that the dietmen from the former Komei Party and the former Japan New Party have different views on security issues and economic policies from Ozawa.

Both the LDP and the NFP, as seen from this, have elements of both the right and the left within each of their parties. As such, it is difficult to define what the opposing poles in their policies are.

Debate in the Diet has degenerated into that of fighting for power, not for policies. To put it bluntly, all that the dietmen are doing there is to stage performances with concern only on the general election and on ways of pleasing the people. With no debate conducted to resolve the issues that really matter, neither the ruling parties nor the opposition parties are able to free themselves from this impasse. Thus, not one major issue can be resolved, and all the important issues are left pending for the future.

The current condition of Japan does not permit the resolution of these issues to be delayed. Whether the issues concern finance, economy or diplomacy, they need to be decided on at least before the end of the year, otherwise Japan will fall into a real fix, and start down a path toward a long fall.

Therefore, in the "Proposal," we earnestly called on the parties to conduct thorough debate and clarify what the different elements in their policies are. If the parties find themselves divided at the debate and the parties themselves have to split up, that cannot be helped. All the parties should proceed toward the next political world realignment, accepting splitting up as something necessary.

Command Must Come From Politics

In the "Proposal" we cited four of the important issues which awaited urgent action. All the parties must conduct full debate on these four issues and decide on party policies at least by the next general election.

1. Deregulation: Whether or not to abolish all economic controls within the next three years and to do away with government offices' "administrative guidance" functions.

2. Local Autonomy: Whether or not to abolish the system that allows central government offices to have their administrative work performed by local governments — as recommended by the Committee to Promote Decentralization of Power to Local Governments.

3. Financial Reconstruction: What do the parties think about the proposal that a 10-year finance reconstruction plan be put into force once the economy recovers and stabilizes?

4. Security: What should Japan do to help ensure peace of the world, particularly Asia? Should Japan be allowed to exercise collective self-defense rights?

Right now, the economy of Japan is said to be more or less looking up, but actually the economy is merely being sustained by the prop of financing and low interest policies. The financial prop cannot continue forever, and if it does, then the bottom will fall out of the economy completely. Even if and when the prop continues, it will no doubt end up raising interest rates.

The only way to resolve this existing difficult situation is to liberalize the economy as thoroughly as possible in order to enable the economy to grow under the force of the private sector's own economic vitality. Most important of all is to abolish regulations in the industrial areas which are expected to grow in the future.

It should not be done by reluctantly removing only one regulation each time as is done now, but in the bold manner of abolishing all the regulations sweepingly. Unless the nation is willing to go that far, the private sector will never be able to regain its vitality fast enough.

If Japan wants to reconstruct its finances and also to make its economy grow, it must remove its regulations. The removal of the regulations will result in reducing government financial burdens and thus in reducing the central government's budget. Then the possibility of decentralizing government power from the central government to local governments will become more real as well.

Of course, there is an alternative of not going for deregulation. Some people might think that the Japanese economy needs not grow any more. They could say it does not matter if the economy is in a long-term decline, and what the country needs to do is put more emphasis on welfare and equality of the people. The presence of differing views is a sign that healthy and democratic thinking exists.

But if I am asked to give my personal view, I will say there is no way for Japan but to promote liberalization.

The economic circles have loudly talked about the need for "deregulation" and "financial reconstruction" for a fairly long time. Why is it taking such a long time to get their demands accepted?

In the economic world, incentives work because the people there are aware that they are doomed to lose in competition if they do not carry out reform all the time, but the administrative world works differently. In that world, people tend to think they should maintain the existing order as long as possible because any change could affect their existence.

This means in conclusion that the only way to carry out reform in the administration is to rely on politicians to issue an order, and the politicians who issue the order should do so with the support of the public.

At this point, the writer would like to explain the reason why the "Society to Study" has been formed. The "Society to Study" was inaugurated last July by people of common views and aims as its members — to draw up a grand design for Japan. The group is led by Tadao Ishikawa, Gaishi Hiraiwa and Yasushi Mieno.

It may be correct to say that Japan has never had a true grand vision since the Meiji Restoration times. "Let's catch up with America and Europe" has been a "national goal" which could be understood easily, but has tended to place too much emphasis on "wealth" and the "military strength" of the nation.

As said above, it is the function of the politicians to draw up a grand vision for Japan. But the politicians have not been able to perform that function because they were under control of the "emperor's bureaucrats and military" until the end of World War II, and later because they were under control of the allied forces general command while in occupation. During the Cold War days after that, Japan's international politics was run with U.S. protection, and its domestic politics by bureaucrats.

More recently, we have begun to see some politicians who think more responsibly, but to our regret we must say that politicians in general are not competent enough.

Given such a situation, the need for the private-sector people to draw up and present a grand vision becomes more important. Eventually, we believe, this vision will lead to the rise in power of the politicians who are truly competent and responsible.

The Time Is Ripe

The present condition of politics, meanwhile, suggests the realignment process has reached the final stage. After all, it was only three years ago that the LDP fell from power, to be replaced by the Hosokawa coalition government. In view of the fact that the ongoing series of moves to reorganize the political world are a revolution to change the political system that has existed for 50 years since the end of the war, one would probably have to accept the taking of about three years' time as unavoidable.

It is about time that the realignment took place, and apparently it is taking place in the way of two opposing policy poles being formed within the existing conservative forces. It is at least 80 percent complete.

Now a widespread rumor has it that a "new party" is being planned. The rumor cites the name Yukio Hatoyama of Sakigake as a key man behind the plan. This political move might lead to the forming of two major parties with opposing poles of policy.

Hatoyama, Hajime Funada, Takahiro Yokomichi, Banri Kaieda, and some SDP members will join together in a new party on one hand. Kato of the LDP could also join it. On the other hand, Hashimoto, Kajiyama, and Ozawa — the members of the old LDP Keiseikai faction — will get together to form the other pole.

This move of a slightly-left-of-center force being formed led by Hatoyama and Funada and a slightly-right-of-center force being formed by the old Keiseikai members is not bad in terms of the overall direction of politics.

Besides, if the move is made in that direction, the voters will have no one to choose from in the election, although there is now a single-seat constituency system in effect. The last upper house election was a good example of what can happen. While the voting rate was low, many of those who voted cast blank ballots, and the so-called non-party voters turned out to be the biggest majority of the voters. That was indeed a public opinion warning that there were no parties the people could vote for. What the nation needs to do now in order to overcome this situation is to create political parties for which the non-party voters can cast their ballots.

Most likely, many of these people called the non-party voters will not vote for the same parties at each general election. No doubt they will make decisions on "the party to vote for" each time there is an election. I think that is the right way to conduct elections.

Earlier above, I said the economic world is carrying out its self-reform all the time. Now the same thing is asked of the political world.

Actually, a good example of reform was set when the politicians destroyed with their own hands the election system that had been used for 50 years, and adopted the single-seat constituency system for the nation. Even though not one election has yet been held under the new system, there appears to be a move to bury the single-seat constituency system and to return to the old medium constituency system. We cannot support that. I must say doing that is no more than an act of these politicians denying themselves.

The old medium constituency system left only two choices to the nation, and the choices were whether to let the political world fall further into corruption or to split up into many smaller political parties. The single-seat constituency was adopted to prevent either of them from happening. I want the new system to be used by all means. If any problem is found with the system after it has been tried, then it can be revised at that stage. General elections should be conducted at least twice under the single-seat constituency system.

I remind you that funds from the "subsidies to political parties," which is part of the program to reform the electoral system, have been provided to all the political parties. It is indeed preposterous even to talk about returning to the medium electoral system now.

In reference to the subsidies to political parties, I would like to add that the industry's contributions to politicians have actually decreased recently. I assume there are some politicians who have problems making their ends meet, but with the political fund control law revised, there are now limits to what businesses can provide to individual politicians. There is nothing the businesses can do about this. On the other hand, since the law expanded the framework of donations the businesses can make to political parties, the businesses should be able to make more contributions openly to the parties. But to be honest, the businesses under the given economic situation do not have room to make such contributions now.

There have been increasing dinner party events held by politicians recently. With the next general election needing to be held within one year at the latest, anything can happen now, but I personally think a turning point will come with the end of the current Diet session, known as the jusen session. At the present point of time, with the jusen scheme needing to be passed by the Diet somehow, the three ruling parties need to maintain their unity, and thus may have no choice but to say the general election can come only next year. But once the Diet session ends, the atmosphere of the political world will change swiftly.

Strangely enough, big changes historically occur swiftly in a short period of time. Some political feelings arise and build up, and then turn into a call for an early election. An example of elections being called in that manner was the 1986 upper and lower house elections, commonly called the shindafuri [playing dead] elections.

At that time, there was really no major reason to call the elections. But this time there is a big reason: for the voters to judge and approve or not approve the changes of government that have been made since the last general election — without the voters involved. At the general election three years ago, the supporters of the SDP did not think it possible even in their dreams that the SDP chairman would later be named prime minister.

We Earnestly Call for a General Election Before Autumn

Anyway, a general election must be conducted as soon as possible. The time is coming for the nation to present answers on so many pending issues on the economy like the financial reconstruction plan. The nation also needs to have the people's judgment on the government plan to settle the jusen issue and such diplomatic issues as that of redefining the Japan-U.S. security alliance. We earnestly call for holding a general election before autumn this year.

It is true that there is not much meaning in holding a general election when the parties do not have basic policies set, but it is also true that unless the general election is nearing the parties will never get serious. The general election will also work as a triggering device for the political world's realignment.

The politicians should devote their lives to pursuing political values they believe in. We hope all the political parties as well as all individual politicians will proceed in a new direction, reaffirming this point.

I have meant to write this article to dwell on contents of what were presented in the "Proposal." Some people might insist our "Proposal" is too optimistic, or might call it a useless theory that looks good only on paper, but I must say the problem is that there is no other way.

We hand-carried this "Proposal" to LDP General Secretary Kato, SDP General Secretary Kan Sato, Sakigake General Secretary Hatoyama, and NFP General Secretary Takashi Yonezawa, and we have talked to each of them about it. They all are aware of existing problems, or I should say they are apparently aware of the problems but cannot do anything about them right now.

Of course, our "Proposal" is only a statement of our view, and has no binding force whatsoever. What the politicians always watch is the moves of the voters. The best power for persuading the politicians to carry on with their political reform is for the voters to stop supporting the politicians who fail to recognize what their missions are. As such, we, the voters, must change our way of thinking and start to act differently as well. I would like to emphasize that point.

The "Society to Study" has no intention of being satisfied with the "Proposal" presented this time. Its force may be small, but it will do all it can to advance and to put on track the work of formulating the vital grand vision. Many of its members are busy people. Hence we are not doing our work in the customary way of holding study meetings, but are making the best of the networking system, using personal computers and fax machines to exchange views. We are reaching agreement on what should be the basic parts to make up the grand vision. We are not at a stage yet to be able to speak about specific points, but we hope to be able to make an announcement soon.

Japan: Health Minister Takes 'Last' Action Over HIV Scandal

OW2506050096 Tokyo KYODO in English
0406 GMT 25 Jun 96

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Health and Welfare Minister Naoto Kan announced a salary cut for a ministry official Tuesday [25 June] in connection with the HIV [human immunovirus]-infection scandal, saying it would be the last such internal disciplinary measure taken by the ministry.

Akihito Matsumura, head of the Health Service Bureau, had his pay cut by 10 percent for one month for failing to order the recall from medical institutions in 1985 of blood products that had not been heat-treated and which carried the risk of infecting people with HIV.

Kan told a press conference that Matsumura did not take effective measures as the head of the biologics and antibiotics division of the ministry's pharmaceutical affairs bureau due to insufficient knowledge about the risk of letting the unheated blood products be used.

The disciplinary measure against Matsumura, who will retire July 2, follows steps announced May 31 against Kan and 14 other senior ministry officials.

The ministry's failure in 1983 not to ban the use of the unheated blood products led to the infection with HIV of nearly 2,000 of some 4,500 hemophiliacs in Japan and an unknown number of people other than hemophiliacs, who were administered the products. Of the hemophiliacs, some 400 have died.

Kan said an independent panel will be set up to be composed of individuals outside the ministry to look into the scandal relating to the ministry's policy on aids in the 1980s.

The seven-member panel will be chaired by Isao Kuroda, a professor at Waseda University, and will compile an interim report on its investigation by the end of this fiscal year next March 31, Kan said.

The new panel is to investigate "objectively" why Japan failed to prevent widespread HIV infection among hemophiliacs, and will devise measures to avoid similar situations in the future, Kan said.

A ministry task force that Kan set up in January has been investigating the scandal, but critics question its effectiveness because its members are having to question present or former colleagues.

Japan: Health Insurance Said Heading for Large Deficit by FY2001

OW2106123996 Tokyo KYODO in English
1122 GMT 21 Jun 96

[FBIS Transcribed Text] Tokyo, June 21 KYODO — The government-run health insurance plan for employees of small and mid-sized companies will run up a 2.02 trillion yen deficit by fiscal 2001 if it continues to operate under the current system, the Health and Welfare Ministry said Friday [21 June].

The ministry submitted a report to an advisory body to the health and welfare minister, saying the scheme would soon find it hard to cover medical expenses because it will be short of 300-500 billion yen in fiscal 1997, even if it throws in its entire reserves.

In fiscal 1997 alone, the insurance scheme will accumulate a new deficit of 840 billion yen if the projections are based on the last two years, the ministry said.

By fiscal 1998, the overall deficit would soar to 1.1 trillion yen, reach 1.4 trillion yen in fiscal 1999 and exceed the 2 trillion yen mark in fiscal 2001, it said.

A total of 37 million people — employees of small and mid-sized companies and their families — are members of the government-run health insurance scheme. Employees covered by the insurance must pay some 8 percent of their salaries into the scheme.

Due to the prolonged recession, as well as rapidly increasing expenses due to the soaring number of elderly members, the insurance scheme ran into the red for the first time in fiscal 1993.

In a related development, the advisory body presented Health and Welfare Minister Naoto Kan on Friday with its second interim report on ways to reform the health insurance system.

It recommends excluding treatment for minor illnesses, such as colds, from insurance coverage in order to decrease the fiscal burden on the various insurance plans.

The council on medical services and insurance also proposes that the fixed price system for medicines be abolished.

North Korea

DPRK: IAEA Delegation Arrives in Pyongyang for Negotiations

SK2506090296 Pyongyang KCNA in English 0855 GMT 25 Jun 96

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — A delegation of the International Atomic Energy Agency (IAEA) for the fifth round of negotiations arrived here today to discuss nuclear facilities freezing and other issues concerned under the DPRK-US agreed framework.

DPRK: NODONG SINMUN Urges U.S. To Accept Peace Proposal

SK2506085396 Pyongyang KCNA in English 0844 GMT 25 Jun 96

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — NODONG SINMUN today urges the United States responsible for peace and security on the Korean peninsula to affirmatively respond immediately to the DPRK-made proposal for signing a tentative agreement at the present rigorous juncture when the Korean peninsula is at a crossroad of war or peace.

A signed article of the paper says:

Several months has passed since the DPRK government put forward a proposal for signing a tentative agreement between the DPRK and the United States to avert armed conflicts and war on the Korean peninsula. However, no progress has been made in the work for signing the agreement, to say nothing of its realisation.

Ours is a reasonable and just proposal conforming to the realities of the Korean peninsula which is under a touch-and-go situation.

The bellicose U.S. military and the South Korean rulers backed by them are heading toward unleashing a long-prepared war against the North on the Korean peninsula.

This reality proves the validity of our proposal for signing a tentative agreement.

The Kim Yong-sam group are nowadays taking the road of undisguised military adventure against the North in an attempt to find a way out of the ruling crisis caused by their unprecedented- in-history illicit fortune-making and their anti-DPRK confrontation and war policy in unleashing another war against the north.

A touch-and-go situation has been created in Korea owing to the war moves of the South Korean puppets, who have turned the Demilitarized Zone South of the Military Demarcation Line into a forward base for attacking the north. Accordingly, any accidental military conflict may easily develop into an all-round war.

To make matters worse, the Korean peninsula is placed in a dangerous condition because there is no elementary security mechanism which will help prevent the outbreak of war.

The armistice agreement the mission of which it is to prevent the recurrence of hostilities and armed conflicts on the Korean peninsula was reduced to a mere sheet of paper already long ago. So, it cannot help toward ensuring peace on the Korean peninsula.

It is very dangerous that there is no security mechanism on the Korean peninsula exposed to the constant danger of a nuclear war owing to the moves of the bellicose U.S. military and the South Korean puppets.

Our proposal for signing a tentative agreement is aimed at preventing the outbreak of a war which may come from such a dangerous situation.

If a tentative agreement is signed between the DPRK and the United States, the dangerous situation reminiscent of the eve of war will not last and will be prevented from developing into a war.

DPRK: U.S. 'Aggressors' Confessed Defeat in Korean War

SK2506115696 Pyongyang Korean Central Broadcasting Network in Korean 0800 GMT 25 Jun 96

[FBIS Translated Text] The U.S. imperialists have committed reckless maneuvers of aggression and provocation against the Korean people many times in history, but every time they could not avoid a disastrous defeat. The U.S. warmongers and aggressors confessed their defeat in the Korean war.

Clark, former commander in chief of the UN Forces, once raved that he would wipe North Korean cities from the map so that nothing stands in the way, showing his invader's character, but he was defeated in the end. He admitted the defeat of the United States in July 1953, saying: The Korean war was not an honorable war. I implemented the government's instructions, and got the dishonorable name of being the first U.S. commander in history who did not win a war but signed the Armistice Agreement. I had felt that everything would fail.

This was the first time in U.S. history that a U.S. general signed an armistice agreement in a war he did not win.

Referring to the chuche-type tunnel warfare of the Korean People's Army [KPA], (?Benfzis), former commander in chief of the U.S. 8th Army, deplored: The position of the People's Army has been significantly strengthened. Common attacks and firings would not work. Any offensive would entail great losses. Even if we gain anything from the war, it would be too trivial compared to the losses from the battles.

At the internationally well known Chongnyong Hill battle, the enemies were about to implement U.S. President Eisenhower's so- called new offensive plan. One regiment of the KPA confronted three heavily armed divisions of the enemy on the hill. The enemies organized their attack and invited Air Force and Army officers, high-ranking officials, war correspondents of the UN Forces, and foreign diplomats to the hill to show them the model battle. However, they were buried on this hill by the fierce fire of our forces, that is, the strength of one regiment. The model battle ended a defeated battle.

A Western press agency wrote: The UN Forces suffered great losses. Defenders hiding deep on Chongnyong Hill, that is, the KPA, further weakened the combat capabilities of the UN Forces and repulsed the UN forces' large-scale attack.

Former U.S. President Truman frankly admitted the U.S. defeat, stating: The Korean war was a wrong war that took place at the wrong time in the wrong place with the wrong enemy.

However, instead of learning a historical lesson as the invader in the Korean war, the U.S. imperialists still commit various invasive acts against our Republic. Following the internationally renowned incident involving the U.S. imperialists' armed espionage ship, the Pueblo, the U.S. imperialists admitted their invasion and begged our pardon. On 23 November 1968, the government of the United States of America admitted this incident was a criminal act.

On 17 December 1994, a U.S. Army OH-58 EC reconnaissance helicopter illegally intruded deep into the territorial sky of the Republic and was shot down by our defensive measure. Concerning the incident, Thomas Hubbard, U.S. deputy assistant secretary of state, representing the United States of America as the president's special envoy, paid an emergency visit to Pyongyang to hold talks with relevant functionaries of the Republic's government. Military delegations from the two sides also held talks and contacts at Panmunjom. As a result, the U.S. side admitted that the U.S. helicopter had intruded illegally into the territorial sky of our country and sincerely apologized, saying it would take steps to prevent the recurrence of such incidents.

Former U.S. President Carter, who visited our country, said to reporters: North Korea is a very unique society with a political philosophy of self-reliance. Imposing sanctions on this country would be very indiscreet.

The Voice of America warned the incumbent government that the United States does not know much about the boldness and determination of Supreme Commander Kim Chong-il, who is committed to defending the national sovereignty.

History shows us that those who enjoy playing with fire will eventually burn to death.

DPRK: Papers Mark U.S. Imperialists' 'War of Aggression'

SK2506041096 Pyongyang KCNA in English 0324 GMT 25 Jun 96

["Papers Call for Defending Peace in Korean Peninsula and Nation's Security" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — Papers here today carry editorials 46 years since the U.S. imperialists instigated the South Korean puppet clique to ignite a war of aggression against the northern half of Korea (June 25, 1950).

The Korean War provoked by the U.S. imperialists was a brigandish war of aggression and a criminal and murderous war to make the whole of Korea a colony and furthermore, dominate Asia and the rest of the world, says the editorial of NODONG SINMUN.

It goes on:

The historic victory of the Korean people in the fatherland liberation war was a brilliant fruition of the self-reliant military idea, the original strategies and tactics, the chuche-based military war method and outstanding commandership of the great leader Comrade Kim Il-song, and a great demonstration of the invincible might of the Korean people and People's Army, united close around the party and the leader.

The revolutionary feats of Comrade Kim Il-song, who led the three-year fierce fatherland liberation war to victory, saved the country from the crisis of life and death and unfolded its bright road, will be everlasting with the annals of the country.

The editorial notes that the Workers' Party of Korea and the Government of the DPRK have put forward the most reasonable and realistic proposals and policies to improve the DPRK-U.S. relations and the inter-Korean relations which are in the state of confrontation and to achieve a durable peace of the country and its peaceful reunification and have made all sincere efforts for their materialisation.

It continues:

If the United States does not want the recurrence of a war in the Korean peninsula, it should correct the old policy of antagonising the DPRK and approaching the Korean question out of the stand of "strength", implement the DPRK-U.S. agreed framework and thus take the road of building confidence and terminating hostile relations between the DPRK and the U.S.

It is only too natural that our Armed Forces recently took a self-defensive step to prevent a war and defend peace of the country and security of the nation because the outbreak of a second war on the Korean peninsula became a matter of time.

It is an immovable faith and will of the Korean people and the officers and men of the People's Army to defend the security of the country and the socialist cause and accomplish the cause of chuche under any circumstances.

If the South Korean puppet clique continue to incite division and confrontation and ignite the fuse of war in spite of our repeated warnings, the Korean people and the People's Army will annihilate the aggressors and remove the source of war from the Korean peninsula.

MINJU CHOSON in an editorial says that all Korean people who value the destiny of the country and the nation and want peace of the country and its peaceful reunification should reject the aggression and intervention moves of outsiders and wage a resolute struggle against the flunkeyist and treacherous policy and anti-reunification confrontation moves of the South Korean ruling quarters.

DPRK: NODONG SINMUN Marks Korean War Anniversary

SK2506082396 Pyongyang Korean Central Broadcasting Network in Korean 0124 GMT 25 Jun 96

[NODONG SINMUN 25 June editorial: "Let Us Prevent the Recurrence of War and Defend Peace on the Korean Peninusla and the Nation's Safety"]

[FBIS Translated Text] Forty-six years have passed since the U.S. imperialists triggered the war of aggression against our Republic on 25 June 1950 by egging the South Korean puppet clique. The Korean war provoked by the U.S. imperialists was a brigandish war of aggression to make all of Korea a colony and to dominate Asia and the rest of the world. It was also a criminal and murderous war.

The war was a grave trial for our people. Our Republic was less than two years old and still in its infancy, and our People's Army was also young.

However, at that crucial time when the destiny of the fatherland and the nation stood at the crossroads of life or death, our people and People's Army firmly united around the great leader Comrade Kim Il-song, the legendary hero of the anti-Japanese struggle, the ever-victorious iron-willed commander, and the gifted military strategist; and they resolutely fought, unreservedly displaying matchless courage and mass heroism. Thereby, they surmounted the trials of the war and finally achieved great victory.

The great leader Comrade Kim Il-song has taught: The historic victory in the fatherland liberation war was a clear demonstration of not only the inexhaustible vitality of our Republic and the people's democratic system, but also the invincible strength of our people who have become the master of the country.

Our people's historic victory in the fatherland liberation war was a brilliant outcome of the great leader Comrade Kim Il-song's independent military ideology, the unique strategies and tactics, the chuche-oriented military war method, and the outstanding commandership. It was also a great demonstration of the invincible might of our people and People's Army which are firmly united as one mind around the party and the leader [suryong].

The revolutionary achievements of the great leader Comrade Kim Il-song — who led the three-year fierce fatherland liberation war to victory, saved the country from the crisis of life or death, and, thus, unfolded its brilliant road — will be everlasting throughout the history of the fatherland.

Our people's victory in the fatherland liberation war showed that any threat by the imperialists and their armed aggression cannot subdue the people who have risen up to defend the nation's dignity and independence under the wise leadership of the party and the leader [suryong]. This truth has an absolute life force still today when the several scores of years have passed since the shellfire of war was ceased.

In the postwar period our people firmly united around the party and the leader [suryong]. Thus, they have outstandingly built the fatherland of chuche shining with independence, self-reliance, and self-defending and the popular mass-centered socialism of our own style which are enjoying grandeur and prosperity on the ashes of war.

Our people and the revolutionary armed forces, which defeated the two imperialisms in one generation under the great leader Comrade Kim Il-song's outstanding leadership, have smashed at every phase the challenge of the imperialists and reactionaries and their maneuvers to crush the Republic by upholding as the great leader [yongdoja] and as the supreme commander respected and beloved Comrade Kim Chong-il who is brilliantly inheriting the leader's [suryongnim] revolutionary cause and his army building cause. Thereby, they are not only firmly defending the dignity and security of the socialist fatherland, but are also unreservedly demonstrating the inexhaustible vitality and the grand appearance of the popular mass-centered socialism of our own style.

Proceeding from their peace-loving and reunification-oriented stance, our party and the government of the Republic have put forward most reasonable and realistic proposals and policies to improve the DPRK-U.S. relations and the inter-Korean relations which are in the state of confrontation and to achieve a durable peace of the country and its peaceful reunification and have made all sincere efforts for their realization.

However, our just proposals and sincere efforts have failed to bear due fruition because of the United States' hostile policy toward the DPRK and the antipeace and antireunification maneuvers by the South Korean ruling circles.

The United States has held on to South Korea and sought its policy of strength. It has also threatened peace in our country and has been hindering our country's reunification cause. However, the policy by strength is a legacy of the era of the Cold War. Accordingly, it cannot work out on our dignified people who take independence as their life and on our Republic which is an independent, sovereign country nor can it solve problems.

If the United States really does not want the recurrence of a war on the Korean peninsula, it should correct the old policy of antagonizing our Republic and approaching the Korean question out of stance of strength and, thus, should build trust between the DPRK and the United States and take the road of terminating hostile relations between them by implementing the DPRK-U.S. agreed framework.

Furthermore, the situation, in which the military armistice system is in the state of paralysis on the Korean peninsula today because of the bellicose forces in the United States and the South Korean puppet clique, ardently demands that a new peace guarantee mechanism be established to prevent an arms buildup and the recurrence of war and ensure durable peace and security.

If the United States really wants a durable peace on the Korean peninsula, there is no reason whatsoever for it not to willingly respond to our proposal to establish a new peace guarantee mechanism in place of the old armistice system.

The Kim Yong-sam ring which took power under the signboard of a civilian government, like successive rulers in South Korea, is rushing toward the road of North-South confrontation and a war of northward invasion today while tenaciously clinging to the policy of depending on outside forces.

While trying to find a way out of the serious political crisis caused by their scandal of illicit wealth accumulation, which is unprecedented, and their anti-Republic confrontational policy in provoking a war, the puppets have made public the plan for the five- phase 5027 operations, a plan for provoking a war of northward invasion, mapped out in collusion with outside forces. They are implementing the detailed operational plan envisaged in this five- phase 5027 operations one by one.

The puppets are stepping up the arms buildup of the puppet armed forces, including founding a new combat wing in the puppet Air Force and a buildup of naval forces, and they have turned the DMZ and the Military Demarcation Line into a complete military zone and attack- starting point for a northward invasion. Thus, they are constantly waging an adventure of war against us by mobilizing their vast armed forces. This is a dangerous military move which can be seen only on the eve of a war.

Taking step with this, the bellicose forces in the U.S. military circles are deploying their vast armed forces on and around the Korean peninsula and have founded a new aerial brigade organized mainly with Apache helicopters. Thus, they are rapidly accelerating the modernization of the U.S. forces stationed in South Korea. This clearly shows that their plan for provoking a war of northward invasion has entered a test stage.

The U.S. military circles and the South Korean bellicose elements, who have been repeatedly waging various types of unprecedentedly large-scale, adventurous war exercises replacing the Team Spirit joint military exercise since the beginning of this year, are waging frantic fire games to attack us in the sky and on the ground and sea of South Korea by mobilizing large-scale armed troops from the Army, Navy, and Air Force, and even mobilizing civilians.

It is only too natural that our armed forces recently took a self-defensive step to prevent the outbreak of a war in advance and defend the country's peace and the nation's security in order to cope with the grave situation in which the recurrence of a war on the Korean peninsula has become a matter of time.

It is the invariable faith and will of our people and the officers and men of our People's Army to defend the country's security and our socialist cause under any circumstances and to consummate the chuche cause to the end.

If the South Korean puppet clique continues to incite splits and confrontation and ignites the fuse of war despite our repeated warnings, our people and the People's Army will thoroughly annihilate and sweep away [sotang] the aggressors and completely remove the source of war from the Korean peninsula.

Reunifying the country is the unanimous desire of our nation and is the nation's supreme task which should not be delayed even for a moment. The main force of national reunification is all of the Korean nation, and achieving the great unity of the whole nation is the fundamental guarantee for national reunification.

All compatriots in the North, the South, and overseas should uphold the reunification cause of the great leader Comrade Kim Il- song, the eternal sun and father of the nation; firmly unite under the banner of the 10-point program for great unity of the whole nation elucidated by the leader [suryongnim]; and, thus, vigorously wage a nationwide struggle to reunify the country by way of a confederal system, based on the three principles for national reunification, the nation's common reunification program.

There are still many barriers on the road ahead for our nation's struggle to defend the country's peace and the nation's security and to achieve the cause of reunification through the nation's great unity. However, as long as there is the great leader Comrade Kim Chong-il's wise leadership, as long as there is the nation's common reunification cause, and as long as there is the nation's firm will for reunification, the barrier of division will be pulled down, and the cause of national reunification will be achieved without fail.

The situation prevailing in the country today demands that all party members and the working people live and work more militantly than ever before, maintaining a keyed-up and mobilized posture [kinjang toego tong-wondoen taese].

All party members and the working people should fulfill to the end their assigned tasks by highly displaying the spirit of the arduous march and surmounting all sorts of difficulties and barriers with their own strength. Thus, they should make great progress in accelerating economic construction and strengthening national defense capabilities.

In this way, they should safeguard, defend, and glorify the popular mass-centered socialism of our own style and should brilliantly make this year, the year marking the 50th anniversary of the formation by the great leader Comrade Kim Il-song of the Down- With-Imperialism Union, the year of history, the year of new exploits, during which we demonstrate the mettle of socialist Korea, holding aloft the red flag.

Let all of us uphold the behest of the great leader Comrade Kim Il-song; firmly unite as one mind around the respected and beloved Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and the supreme commander of the revolutionary armed forces; and vigorously struggle for the consummation of the socialist cause and the independent and peaceful reunification of the country.

DPRK: 18 Jun 'Demonstration' by ROK Students Reported

SK2106050596 Pyongyang KCNA in English 0318 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — South Korea's Kyongbuk National University students demonstrated on June 18 in protest against the fascist clique removing a monument to a person involved in the "case of the people's revolutionary party," a Seoul-based radio reported.

The fascist clique sent three cinoabues [as received] of riot police to the university and forcibly removed the monument erected at the campus by the university's students, describing it "illegal."

The angry students seized a police patrol car stationed in front of the university and brought it into the campus.

They continued the demonstration, refusing to send the car back unless their fellow students arrested by the fascist clique are released.

DPRK Daily Decries ROK for Arresting 'Patriotic-Minded' Students

SK2106044196 Pyongyang KCNA in English 0428 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — The Kim Yong-sam group of South Korea have arrested students for their anti-U.S. struggle and activities for studying and disseminating the chuche idea, on charge of the violation of the "National Security Law."

Viewing their arrest as another intolerable fascist outrage to suppress the patriotic, democratic forces, the daily MINJU CHOSON today says:

The Kim Yong-sam group are trying to discourage the people from intensifying their struggle and emerge from the serious ruling crisis in such a way as detaining students who had learnt progressive ideas and struggled against outside forces and the "government". But their intention is only a daydream.

With the arrest of the patriotic-minded students, can they never check the righteous struggle of the people.

They must unconditionally release the illegally arrested students.

DPRK: Kim Yong-sam Using 'Repressive' Steps Against Dissidents

SK2106103496 Pyongyang KCNA in English 0721 GMT 21 Jun 96

["NODONG SINMUN on Kim Yong-sam Group's Argument About 'Inclination to North'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — NODONG SINMUN today condemns the Kim Yong-sam group for raising a fascist repressive whirlwind, labelling the South Korean Federation of University Student Councils (Hanchongnyon) and other patriotic pro-reunification democratic forces as "leftist forces" with "inclination to the North".

The paper says in a signed commentary:

The "leftist forces" with "inclination to the North" on the lips of the Kim Yong-sam group are patriotic forces that struggle for independence, democracy and reunification, and "acts benefitting the enemy" are no more than sheer nonsense to crack down on them.

The puppets contend that South Korean students and other patriotic pro-reunification democratic forces are "leftist forces" with "inclination to the North" and "elements benefiting the enemy" because they assert the same as the North does. This is an argument for fascism and treachery, an argument for confrontation and division based on the extremely anti-national, anti-reunification mode of thinking of the puppets who define the northern half of Korea as a "group of the enemy" and regard the fellow countrymen in the North as enemies.

The demand of "Hanchongnyon" and the pro-reunification democratic forces of South Korea for independence, democracy and reunification is not instructed and encouraged by anyone. This is a requirement raised by the miserable reality of South Korea, a colony, and a demand found by them through their bloody life experience.

With nothing can the Kim Yong-sam group justify the suppression of the pro-reunification democratic forces in South Korea, labelling them as "acts inclining to the North and benefiting the enemy" because their demand is identical to the North.

The whole nation will bitterly settle accounts for the crime of the treacherous Kim Yong-sam group which is making desperate efforts to maintain and prolong the "civilian"-veiled fascist dictatorship for an indefinite period and keep the division of the nation by stamping out the patriotic pro-reunification democratic forces in South Korea.

DPRK: VNS Cited on Kim Chong-pil's Efforts To Gain Power

SK2106103996 Pyongyang KCNA in English 0730 GMT 21 Jun 96

["Kim Chong-pil's Crafty 'Strategies for Supreme Power'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — The "strategies for supreme power" of Kim Chong-pil, president of the "United Liberal Democrats," has been in political spotlight in South Korea, Seoul-based Radio Voice of National Salvation [VNS] said.

He, who regards Kim Tae-chung and Kim Yong-sam as archrivals in reigning supreme, has shaped strategies against D.J. (Kim Tae-chung) and Y.S. (Kim Yong-sam) and tried hard to execute them.

He is now pretending to join hands with Kim Tae-chung under the cloak of "cooperation of the opposition camp." When an opportunity presents itself, however, he intends to buttock [as received] his partner, charging him with "pro-communist ideas."

He also intends to sway Kim Yong-sam to his side and, with his help, attain "supreme power."

The long and short of his "strategies" is to offer assurances that he will not dig up the "presidential election" fund and carry out a "constitutional amendment for parliamentary cabinet system" in league with Kim Yong-sam so that Kim Yong-sam may take the symbolic "presidency" and he may win "premiership." For this purpose, he has come into close contact with the "New Korea Party."

While appeasing Kim Tae-chung with a promise to make "no constitutional amendment," Kim Yong-sam has come in touch with the "United Liberal Democrats" with the goal of retaking "presidency" through a "constitutional amendment" in conspiracy with Kim Chong-pil.

Kim Tae-chung, who has been aware of Kim Chong-pil's "strategies", has had his hands full to take countermeasures, incensed against the perfidious acts of Kim Chong-pil, who has tried to overpower him in concert with Kim Yong-sam, while calling for "cooperation of the opposition camp," said the radio.

DPRK: Hwang Chang-yop Meets Russian, PRC Delegations

SK2106032196 Pyongyang KCNA in English 0313 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — Secretary of the Central Committee of the Workers' Party of Korea Hwang Chang-yop met and had a friendly talk with director of the Paleya Publishing House of Russia Nikolay Mishin and his party on June 20.

The director said the chuche idea founded by the great leader Comrade Kim Il-song has been developed and enriched by the great leader Comrade Kim Chong-il and the Korean people have achieved remarkable success in all fields under his leadership.

On the same day the secretary met and conversed with the delegation of the People's University of China led by its Secretary Ma Shaomeng in a friendly atmosphere.

Present there was Han Su-kil, president of the chuche idea academy.

DPRK: Comments on History by Japanese 'Reactionaries' Denounced

SK2106103296 Pyongyang KCNA in English 2142 GMT 20 Jun 96

["Japanese Right-Wing Reactionaries' Remarks Under Fire" — KCNA headline]

[FBIS Transcribed Text] Tokyo, June 18 (KNS-KCNA) — Progressive organizations and public figures of Japan lashed out at former minister of justice Seisuke Okuno and member of the House of Councillors Tadashi Itagaki for making remarks to justify the past war crime of Japan.

A civic organization called "accede to UN recommendation" held a meeting concerning the issue of "comfort women for the Japanese Army" in Tokyo on June 12.

Speakers said at the meeting that the remarks of Okuno and Itagaki are an intolerable outcry going against history, which has further depreciated the international reputation of Japan.

Since the state has not admitted the past crimes and such utterances are continued, they stressed, the insignificant "national fund" should be retraited [as received] and the government should put forward a right line for deliberation at the Diet.

Before the meeting, the organization decided to submit to the Japanese Government a 50,000-man signature paper demanding a state apology and compensation to the "comfort women".

On the same day, 52 organizations, including the Japan Catholic Council for Justice and Peace and the National Council of Women's Clubs for Democracy of Japan, and some 100 public figures made public protest statements.

DPRK: Japan 'Stretching the Re-Invasion Tentacle'

SK2106031296 Pyongyang KCNA in English 0306 GMT 21 Jun 96

["Militarist 'Frog's' Ocean Navigation" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — Ocean navigation by a fleet of Japan's maritime "Self-Defence Force" vividly illustrates that militarist Japan has been stretching the re-invasion tentacle to the Asia-Pacific region, noted NODONG SINMUN in a bylined article Thursday [20 June].

Calling attention to the fact that a critic described the fleet as a militarist "frog", the author of the article pointed out that, though the Japanese reactionaries are trying to veil the deep-sea voyage of this "frog" with such a rhetoric as a "friendly visit", its criminal nature and bid can not be hidden.

Through the fleet's deep-sea voyage and visit to various countries and areas in the Asia-Pacific region, the Japanese reactionaries are seeking to create a social atmosphere favourable to overseas advancement of the Japanese armed force and make it easy to take operational actions for military aggression by adapting it to the region's natural and geographical circumstances, the article said, adding:

What can not be overlooked in its deep-sea voyage is its call at a South Korean port.

Criticising the fleet's visit to South Korea as a crafty and insidious ruse for re-invasion of South Korea, the article said it is illustrative of an ambition of the militarist "frog" to jump, first of all, into such a neighbouring and gentle "pond" as South Korea.

Now the people in the Asia-Pacific region are keeping a close eye on the militarist "frog", who is swimming in the Pacific at will with "smiles" in his face, but with a dagger hidden in his belt, it noted.

DPRK: Cambodia's Ranariddh Comments on DPRK Friendship

SK2106103896 Pyongyang KCNA in English
0726 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — Norodom Ranariddh, first prime minister of Cambodia and chairman of the Puncinpec Party, referred to the friendly relations between the two countries, when he met the DPRK ambassador to his country.

"Friendly relations between Cambodia and Korea were established by the esteemed king Norodom Sihanouk and his excellency the great leader Generalissimo Kim Il-song," he said. "This is their meritorious feats and great expolits."

"I will do my best to further consolidate and develop these particular relations of friendship and make this friendship everlasting," he noted.

Referring to the honour of being received in audience by President Kim Il-song during his Korea visit, he said, "We bear in mind His Excellency Generalissimo Kim Il-song as a most noble human being and a most respected leader."

"The royal government and the people of Cambodia will in the future, too, as in the past, invariably support the Korean people's struggle to reunify the country in accordance with the just line advanced by His Excellency Generalissimo Kim Il-song," he stressed.

DPRK: Choe Yong-nim Marks Labor Law Anniversary

SK2506083896 Pyongyang Korean Central Broadcasting Network in Korean
0903 GMT 24 Jun 96

["Commemorative report" by Choe Yong-nim, candidate member of the Political Bureau of the Workers Party of Korea Central Committee and vice premier of the DPRK Administration Council, given at the central report meeting held at the People's Palace of Culture in Pyongyang to mark the 50th anniversary of the DPRK Labor Law formulated by Kim Il-song — live]

[FBIS Translated Text] Comrades, half a century has passed since our people have become the masters in building a new society under the wise leadership of the party and the leader [suryong], enjoying true labor rights and independent and creative work and lives. The promulgation of the Labor Law formulated by the great leader Comrade Kim Il-song was a historic initiative that brought about a fundamental change in our people's working life. [applause]

The promulgation of the Labor Law abolished the colonial slave labor system, which had atrociously infringed on the working lives of the working popular masses in our country, and established the most democratic and truly people-oriented labor system in our country. Today, the working class and all working people have the great pride and self-confidence of working in the most superior popular masses-centered socialist labor system, where the chuche idea is embodied. They are vigorously waging the struggle to make our country and fatherland more prosperous. At such a time, we are commemorating the significant and historic 50th anniversary of the promulgation of the Labor Law. [applause]

The labor issue is one of the important issues that decide the success of the popular masses' cause for independence and socialism. When the labor issue is properly resolved, then, the working people would have the true right to work, enjoying an independent and creative working life and successfully implementing socialism and communism.

The great leader Comrade Kim Il-song had insight into the importance of labor in social life and the significance of resolving the labor issue. He created a unique ideology and theory on the labor issue and brilliantly pioneered a new way of resolving the labor issue.

During the darkest days of the Japanese imperialists' colonial rule, seeing the ordeal of the nation's destiny and the miserable situation of our working class and people, who were forced to provide atrocious slave labor, the great leader Comrade Kim Il-song felt the heartbreaking situation more than anyone. He clarified the revolutionary principles and methods for resolving the labor issue in the 10-point program for the fatherland liberation. Amid the flames of the anti-Japanese struggle, he provided deep and strong historical roots for a democratic labor program and for resolving the labor issue. This was the firm basis for realizing in such a short time such serious social reforms as successfully abolishing the colonial slave system and establishing a democratic labor system in our country.

Based on the brilliant anti-Japanese tradition, and in conformity with the demands of the economic development of our country, which had just set off on the road of establishing a new government following liberation, the great leader Comrade Kim Il-song presented the democratic labor program and vigorously led us to implement it. Finally, on 24 June 1946, he enacted and promulgated the historic Labor Law. [applause]

The promulgation of the Labor Law was a historic event announcing the abolishment of the atrocious Japanese imperialist colonial slave labor system and the establishment of a new, truly people-oriented labor system. [applause]

The Labor Law embodied the chuche-based labor ideology of the great leader Comrade Kim Il-song. The Labor Law is a unique labor program reflecting the demands of the development of our revolution and the aspirations of the popular masses. It is a democratic program that properly defines the working lives of the working class.

With the proclamation of the historical Labor Law formulated by the Great Leader Comrade Kim Il-song, the position and role of the Korean working class as the leading class in building the new fatherland has been incomparably enhanced, and a wide road, which makes it possible to improve its labor conditions and to rapidly develop its material and cultural life, has been opened.

With the enactment and enforcement of the labor law, a most democratic and people-oriented labor system has been established for the first time in the history of our country. The eight-hour working day system, the equal labor (?wage) system; and the system of leave with pay have been implemented for all workers. Thus, a fundamental change has been effected in their working lives.

With the implementation of the labor law, our working class has been able to enjoy the benefits of a social security system, which was unimaginable in the past; break free from the [word indistinct] working conditions that the past Japanese imperialist colonial rule left behind; and work in stable and cultural circumstances.

The implementation of the labor law acted as a great (?psychological influence) on the South Korean working class and people struggling for democratic freedom and the rights of survival and also greatly encouraged their struggle for liberation and against colonial rule.

Since the labor law was proclaimed, the people-oriented labor system of our country has been strengthened and developed under the wise leadership of the party and leader [suryong] along with the advance of our revolution, and its superiority and vitality have been fully demonstrated.

The Great Leader Comrade Kim Il-song, while consolidating and developing the success attained in the course of enforcing the labor law, wisely led the struggle to correctly solve the labor problem at every phase of the developing revolution.

The great leader organized the nationwide (?ideological) mobilization movement by [words indistinct] the working masses' awareness befitting the master in order to ensure that a correct attitude toward labor was established among the working people. He also correctly solved the labor problem in conformity with the changed new circumstances, including [word indistinct] and the planned development of the national economy. Thus, he ensured that the democratic labor system established in the northern half of the Republic was firmly deepened.

Because of the revolutionary principles and the profound contents contained in the labor law [passage indistinct] and its vitality were fully displayed through the heroic struggle of our working people in the entire period of building a new fatherland and a new society.

After the realization of the socialist revolution and the establishment of the socialist system in our country, the Great Leader Comrade Kim Il-song extensively developed the [word indistinct] and the ways for solving it which arose anew as part of the labor problem. Thus, he vigorously led our party and people to the struggle for the final solution of the labor problem under the socialist society.

The Great Leader Comrade Kim Il-song has provided the socialist labor law by [word indistinct] and codifying the success and experience attained in the struggle for a correct solution to the labor problem in our country and, based on this, has established a most superior socialist labor system.

Our country's socialist labor law — in which the principles and demands that should be adhered to in socialist labor life have been extensively embodied — is a chuche-oriented labor law which has enhanced the position and role of the working class and the working people to an extraordinary plane, and which has most thoroughly guaranteed their rights and interests. It is also a most outstanding law which has brilliantly elucidated the road of [words indistinct]. [applause]

The great leader Comrade Kim Il-song wisely led the struggle to implement the socialist labor law and ensured that the vitality of the man-centered labor system of our- own-style socialism can be all the more highly manifested and that our people's creative enthusiasm and upsurged efforts in socialist building reach an endless climax.

The fatherly leader [oboi suryongnim] who devoted all his life to the people's freedom and happiness only and exerted all his efforts in strengthening and developing the socialist labor system, showed a deep interest in solving the labor problem even to the last minutes of his life, thus encouraging our workers toward the worthwhile labor struggle and feats of loyalty.

Under the banner of the great chuche idea, he lead the Korean revolutionaries toward the single road of victory and glory. In this process, he provided the most superior socialist labor system for this land. By doing so, he enabled all the workers to enjoy an independent and creative working life. Such immortal achievements and warm love by the fatherly leader [oboi suryongnim] will be endlessly conveyed generation after generation along with the eternal prosperity of socialist Korea. [applause]

Our country's socialist labor system formulated by the great leader [widaehan suryongnim] has been developed into a new high stage under the extraordinary and refined leadership of the respected and beloved [kyongaehanun] Comrade Kim Chong-il. And in the historic advanced road of modeling the whole society after the chuche idea, the superiority and vitality of the socialist labor system are being all the more highly manifested. [applause]

Through extraordinary ideological and theoretical activities and large-scale revolutionary practice, the great leader [widaehan yongdoja] Comrade Kim Chong-il thoroughly advocated and adhered to the fatherly leader's [oboi suryongnim] chuche-oriented socialist economic building ideology; brilliantly embodied it; and endlessly strengthened and developed our-own-style socialism labor system. By doing so, a guarantee to complete the chuche socialist cause to the end was all the more firmly provided.

The great leader [widaehan yongdoja] Comrade Kim Chong-il thoroughly implemented the socialist labor law and strengthened and developed the socialist labor system. He also firmly established the chuche-oriented view on labor among workers. By doing so, he fundamentally ensured that conditions for a revolutionary working life can take root across the country. As a result, socialist building was intensified and developed. In accordance with this, labor administrative work was firmly changed to work with the people and to political work; and it was possible for all workers to further extensively and deeply carry out labor activities.

Under the extraordinary leadership of the great leader [widaehan yongdoja] Comrade Kim Chong-il, all works—ranging from the problem of nationally mobilizing and using the nation's labor resources to labor organizations, labor management, labor distribution, and guaranteeing conditions for working life—contributed to enhancing working life by increasing the people's creative capability. Also, the awareness of being the master among the workers in production and construction was enhanced.

The great leader [widaehan yongdoja] Comrade Kim Chong-il—who has faith in and regard our working class as the country's master and leadership class of the revolution—said that our world is the working class world and ensured that all policies of the party and state stem from the interest of the working class. He also further developed people-oriented labor policies to promote people's welfare, and bestowed great love and consideration on them in order that all workers might enjoy an independent and creative working life to their hearts' content.

Under the wise leadership of the party and leader [suryong], the people-oriented and socialist labor system established in our country has brought about a change in labor activities of our workers since the historic labor law was proclaimed.

The nature of labor has been basically changed; and the position and role of the working popular masses as the masters of revolution and construction have been drastically enhanced with the embodiment of socialist labor principles.

In our country, various forms of exploitation and oppression of labor were liquidated forever and labor has become the source of material and cultural assets and mighty means for reforming nature, society and men. Regarding labor as the most sacred and honorable thing, all working people are vigorously carrying out creative labor activities by participating in socialist construction with a masterly attitude.

Under the popular mass-centered socialism of our country in which the great chuche idea is embodied, the dignity and position of the people are defined by sincere labor, not by money or property. The creative ability of our working class and working people, who became the genuine masters of the state sovereignty and production means, has been enhanced with each passing day.

Our people are fully exercising their rights and playing their role as the masters of the nation and labor by permanently freeing themselves from the past memory of exploitation and insult that they suffered as the working people. They deem it worthy and their happiness in life to work for society and groups by dedicating everything to common labor.

Under the party's leadership, the guiding role of the working class has been remarkably enhanced and the working class' revolutionary awareness of society has been strengtnened. As a result, the process of giving a working class nature to the entire society has been further accelerated.

Through the struggle to establish a chuche-based outlook on labor, a greater turning point has been registered in our people's ideological and political trait and outlook on the working life.

The working people in our country sincerely participate in common labor by helping and leading each other proceeding from the collectivist principle, "all for one and one for all." And among them, the revolutionary outlook on their working lives and laudable communist tradition of those who glorified their ideal and valuable life by advancing to the arduous labor front according to the party's call have been highly displayed.

Amid voluntary labor activities carried out for the fatherland, the people, society, and groups, monumental creations have been built one after another and the nation's appearance has been renewed. In addition, the ranks of labor heroes, labor innovators and unheralded meritorious workers have been constantly increased. This reality clearly proves the genuine superiority and vitality of the socialist labor system in our country. [applause]

All members of society are devotedly working by cherishing the sense of boundless loyalty to the party and to the leader [suryong] and with the awareness of being the masters of the revolution. Amid the rewarding working life for society and groups, the entire society constitutes a great harmonious family, and single-hearted unity of the revolutionary ranks has been further consolidated. This is the greatest achievement made in the struggle for a precise solution to labor problems under the wise leadership of the great leader [suryongnim] and the great general. Herein lies a firm guarantee for accelerating the chuche socialist cause. [applause]

The epoch-making turn and proud achievements attained in solving labor problems in the past are a brilliant fruition of the outstanding and refined leadership of the great leader Comrade Kim Il-song and of the great leader [yongdoja] Comrade Kim Chong-il; and they powerfully demonstrate the might of our nation's self-reliant national economy and the superiority of the socialist labor system. [applause]

The great leader Comrade Kim Il-song put forward an outstanding labor program by embodying the immortal chuche idea and brilliantly implemented it. Thus, he established a most superior socialist labor system on this land. In this significant meeting to commemorate the 50th anniversary of the promulgation of the historic Labor Law, I extend, together with the sense of boundless admiration and loyalty from our working class and all people, everlasting immortal glory to the great leader Comrade Kim Il-song, and the greatest honor and warmest thanks [choedaeui yongyewa kajang ttugoun kamsa] to the great leader [yongdoja] Comrade Kim Chong-il, who is wisely leading our people along the road of struggle for ultimate solution to labor problems and accomplishments of the chuche revolutionary cause by upholding the fatherly leader's lofty intention. [applause]

Comrades, today, we faced a glorious task to carry to accomplishment the chuche socialist cause by more highly displaying the superiority and vitality of the socialist labor system and by vigorously accelerating socialist construction.

The great leader [yongdoja] Comrade Kim Chong-il has pointed out that we should safeguard and further glorify the popular mass- centered socialism of our own style provided by the respected and beloved Comrade Kim Il-song, and we should accomplish the chuche socialist cause to the end.

Intensifying and glorifying the socialist labor system in compliance with the demand of the developing reality are an important demand raised in the struggle to staunchly defend and protect the popular mass-centered socialism of our own style and to accomplish the chuche socialist cause to the end.

In order for us to firmly defend and constantly consolidate and develop the popular mass-centered socialist labor system of our own style, which was provided by the great leader [suryongnim] and is being glorified by the respected and beloved Comrade Kim Chong-il, we should, above all, enhance the core role of the working class.

The working class is a powerful revolutionary force that defends our-own-style socialism. Our working class vigorously fought at the van of the masses each time and at every stage of socialist construction under the wise leadership of the party and the leader [suryong]. Our working class has excellently fulfilled its mission as the guiding class of the Korean revolution.

Our working class should vigorously fight to defend, protect and accomplish to the end in the future, as in the past, the chuche socialist cause by cherishing the faith in certain victory and revolutionary optimism.

All working people, including the working class, should firmly arm themselves with our party's chuche idea—the socialist ideology —and should think and act only according to the party's idea and intentions at any time and in any place.

By cherishing the thorough sense of mission and of noble moral obligation, we should highly uphold forever the great Comrade Kim Il-song as the permanent leader [yongwonhan suryong] of our party and revolution and as the sun of chuche. We should tenaciously defend and protect immortal revolutionary achievements made by the leader [suryongnim] and should glorify them generation after generation.

The respected and beloved Comrade Kim Chong-il is the destiny of our fatherland and revolution; and the symbol of the victory of socialism. [applause]

We should excellently uphold the leadership of the respected and beloved general. Herein lies a firm guarantee for accomplishing the socialist cause and everlasting happiness of our people.

All the working people, including the working class, should absolutely trust and follow the order of the party by cherishing their faith in certain victory that we will win victory without fail because there is the great leader [yongdoja] Comrade Kim Chong-il. We should entrust all our destiny to the respected and beloved general and permanently render our single-hearted loyalty to the general in a difficult or favorable time.

The working class and all people must become genuine loyalists and dutiful children who are resolutely defending the respected and beloved general and sincerely upholding the general's ideology and leadership under any difficult circumstances by becoming bullets and shells. We must take socialism as our belief and morality, strongly arm ourselves with collectivism, and, thus, make more beautifully bloom in whole society the communist trait in which one lives and works for all and in which all live and work for one and help and lead each other.

Single-hearted unity among the leader [suryong], party, and masses is a decisive guarantee to complete the chuche-oriented socialist cause, and a banner of invincibility. [applause]

We must breathe with the ideology of single-hearted unity, march forward with the spirit of single-hearted unity, and crush challenges from the imperialists and reactionaries and defend and maintain our-own-style socialism to the end on the strength of single-hearted unity.

All workers, including members of the working class, must purely inherit the glorious tradition of single-hearted unity, which was born during the cultivating period of the Korean revolution and has since been consolidated; unite, unite, and unite around the great leader [widaehan yongdoja] Comrade Kim Chong-il; and, thus, consolidate rock-solid the single-hearted unity of our party and revolutionary ranks centering on the respected and beloved general.

The red banner is a foundation of our struggle and a symbol of advance and victory. We must uphold the red banner, which symbolizes the great leader's [widaehan suryongnim] entire life and the respected and beloved general's belief and will; display the spirits of socialist DPRK; march forward vigorously; and achieve prosperity and development in our country, our socialist fatherland, in which the Kim Il-song people live.

Our working class is a unit that must always lead the ranks which are marching forward while flying the red banner high. Only when the working class marches forward with revolutionary optimism and confidence, can all the people and the entire country march forward more vigorously.

The entire working class must strongly arm itself with an outlook on life that calls for living today for tomorrow, break through difficulties and trials with the spirit of the Arduous March, thoroughly implement the party's revolutionary economic strategy, bring about a greater change in socialist economic construction, and, thus, powerfully set an example as the heroic DPRK people.

In order to display the superiority and vitality of the socialist labor system and accelerate socialist construction, we must have a correct view on labor and establish a revolutionary working spirit as required by the developing era.

We must establish a strong chuche-oriented view on labor and bring about greater labor accomplishments in hearty response to the programmatic tasks presented in the great leader [widaehan yongdoja] Comrade Kim Chong-il's classical work "On Further Improving the Work of Labor Administration."

At a time when we are enjoying the benefits of the independent and creative Labor Law under the most excellent socialist system and celebrating the 50th anniversary of the promulgation of the Labor Law, colonial slave labor is being enforced in South Korea, and South Korean workers are suffering inhumane mistreatment and unendurably hard labor. Moreover, the puppet South Korean clique has fabricated a number of vicious fascist labor laws, deprived workers of their basic right to existence and democratic freedom, recklessly imported pollution- prone industries under the pretext of industrial modernization, imposed medieval forced labor, and turned South Korea into an eternal hell as far as labor is concerned.

And, the Kim Yong-sam fascist clique conducts an inhumane labor policy, steps up exploitation and suppression of the South Korean working class, and is harshly suppressing even peaceful strikes or sit-ins by workers who demand the right to existence and democratic freedom, describing them as illegal. South Korean people who are moaning for inhumane mistreatment and poverty realize more keenly from their own experiences that struggles are the only way for their existence, and resolutely waging righteous struggles for democracy and the right to existence.

Taking this opportunity, we, on behalf of the entire working class in the northern half of the Republic, strongly denounce the traitorous Kim Yong-sam clique for its unprecedented suppression of the South Korean labor movement and extend warm solidarity to the South Korean working class and workers who are courageously fighting for democratic rights to labor and genuine lives. [applause]

In order to enjoy the right to worthwhile labor and happiness after freeing themselves from their miserable destiny, South Korean workers and people must bring an end to the imperialists' policy of colonial subjugation and the Kim Yong-sam fascist clique's antipopular rule and more boldly wage the sacred struggle for independence, democracy, and the fatherland's reunification.

The struggle for socialist construction waged by our people, though difficult and massive, is a worthwhile struggle for the prosperity of the chuche DPRK and the future of the revolution. There will always be victory and honor in the sacred struggle of our people who are fighting for the just cause under the invincible leadership of the respected and beloved General Kim Chong-il [kyongaehanun kimchongil changgunnim]. [applause]

Let us all single-heartedly unite around the great leader [widaehan yongdoja] Comrade Kim Chong-il, fly high the banner of the chuche idea, the red banner of the revolution, and resolutely fight for the ultimate victory of the chuche-oriented socialist cause, the fatherland's reunification, and the boundless prosperity of the nation. [applause]

Long live the revolutionary ideology of Comrade Kim Il-song, the great leader of our party and our people! [applause]

Long live the honorable Workers Party of Korea, the organizer and guide of all struggles of the DPRK people! [applause]

DPRK: Kim Chong-il Receives Message of Thanks From Yi In-mo

SK2106033796 Pyongyang KCNA in English 0316 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — The great leader Comrade Kim Chong-il received a message of thanks from Yi In-mo, the incarnation of faith and will, in the United States on June 18.

Yi said in the message that he was moved again to hear the news of the on-the-site guidance of General Kim Chong-il to a unit of the Korean People's Army in the eastern sector of the front of the country. He wrote that he was longing to see the general.

"It was unimaginable that I, who was nearly dead in the South, could undergo a medical treatment in New York," he said. "Feeling the benevolence of you, general, I yearn after your warm bosom."

The message said:

"All the people, who wrote letters to me and called on me almost every day, were unable to repress admiration at the great personality of you, General Kim Chong-il, and I more eagerly long for your tender-hearted image.

"The people across the country unanimously wish you, General Kim Chong-il, a long life in good health. I eagerly wish you to take good care of yourself."

DPRK: Moscow Committee To Honor Kim Il-song Inaugurated

SK2106103596 Pyongyang KCNA in English 0723 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — The preparatory committee for honoring the memory of Comrade Kim Il-song was inaugurated in Moscow on June 17 on the occasion of the 2nd death anniversary of the Great Leader President Kim Il-song.

The preparatory committee was formed and memorial service program was discussed at an inaugural meeting.

Aleksandr Kapto, deputy director of the Socio-Political Affairs Institute of the Academy of Sciences of Russia, was elected chairman of the committee.

DPRK: Chongnyon Delegations Visit Statue of Kim Il-song

SK2106032396 Pyongyang KCNA in English 0311 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — Home-visiting groups of Korean students and the 265th home-visiting group of Korean Residents in Japan called at the statue of the great leader President Kim Il-song on Mansu Hill on June 20.

The members of the visiting groups of the General Association of Korean Residents in Japan (Chongnyon) laid floral baskets before the statue and made bows to Generalissimo Kim Il-song with deep reverence.

The visiting groups arrived here that day.

DPRK: Kim Il-song Work on Nonaligned Movement Lauded

SK2106044096 Pyongyang KCNA in English 0426 GMT 21 Jun 96

[FBIS Transcribed Text] Pyongyang, June 21 (KCNA) — MINJU CHOSON June 20 dedicated an article to the tenth anniversary of the great leader President Kim Il-song's publication of his classical work "for the development of the non-aligned movement".

The signed article said:

Comrade Kim Il-song in his historical work reviewed the course of the revolutionary change of the world and the proud historical course traversed by the non-aligned movement which exerts great influence on the international political life and indicated the concrete ways to settle the important questions arising in the development of the movement.

The work clarifies that it is an urgent requirement of the time to struggle for global independence against imperialism and that the movement is, in essence, a movement for independence against imperialism.

Expounded in the work are the questions that in order to wage a powerful struggle for independence against imperialism in firm unity, the people of the non-aligned countries and all the progressive people of the world should form an anti-imperialist joint front on a worldwide scale and comprehensively and persistently struggle for defending sovereignty in political, military, economic, ideological, cultural and all other sectors.

The work stresses that the non-aligned movement should make it an important task to prevent a new world war, a thermonuclear war and defend world peace and should strengthen its activities in every way.

It also makes clear that the developing countries should have economic and technologic cooperation, strengthen the independence of the national economy and develop south-south cooperation for a complete, economic liberation.

Besides, it notes that defending the principle and idea of the non-aligned movement is a fundamental question for the development of the movement and its future.

The movement has further strengthened and is advancing along the road of its development under the outstanding leadership of the great leader Comrade Kim Chong-il who is brilliantly carrying forward and developing the immortal ideas, theories and exploits of Comrade Kim Il-song.

South Korea

ROK: U.S. Soldiers, Koreans Detained by Police for Fighting

SK2206040796 Seoul KBS-1 Radio Network in Korean 2100 GMT 21 Jun 96

[FBIS Translated Text] Around 0030 AM on 22 June [1530 GMT on 21 June], nine U.S. soldiers, including a Corporal Williams, and four Koreans, including Kim Song-su (42), were involved, while drunk, in a gang fight for five minutes in Sinsa-tong, Kangnam Ward, Seoul.

In this process, Mr. Kim was injured on his forehead. All 13 of the U.S. soldiers and Koreans who fought were taken to the police station by police officers who arrived on the scene.

For almost two hours, the U.S. soldiers stirred up trouble by using abusive language and striking desks with their fists, refusing to answer the police interrogation and insisting they would remain silent until the U.S. Military Police arrive.

The police plan to hand over nine U.S. soldiers to the U.S. Military Police this morning.

ROK Ministry Official Notes Delays in SOFA Talks With U.S.

SK2506011596 (Internet) The Digital Chosun Ilbo WWW in English 1209 GMT 24 Jun 96

[FBIS Transcribed Text] The negotiations for the revision of the State of Forces agreement have moved without direction since they commenced last November.

An official of the Foreign Ministry said Monday that the negotiations began last November but that since the 6th working group meeting held on March 21 when Korea provided revision drafts to the US there has been no follow up negotiation. He said that the delay has is attributable to the U.S. failing to come with a firm position in respect to the draft revisions" and that there is a possibility that the delay may continue.

So far at working group meetings held every 4 weeks the two sides have managed to agree upon one matter only, namely the revision of the jurisdiction provision in respect to criminal trials of US military personnel.

ROK Oil Firms Consider Expanding Imports of Alaskan Crude Oil

SK2406101296 Seoul YONHAP in English 0745 GMT 24 Jun 96

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — The United States has been increasing its efforts to sell Alaskan crude oil in South Korea since export restrictions on Alaskan crude was lifted.

According to the Trade, Industry and Energy Ministry [MOTIE] Monday, a number of foreign oil company executives, including a vice president from British Petroleum Co. (BP), is scheduled to visit South Korea Tuesday to meet with domestic oil industry representatives to discuss expanding the supply of Alaskan crude to Korea.

Hyundai Oil Refinery Co. has already signed a contract for 630,000 barrel shipment of Alaskan crude that is scheduled to arrive at its refinery Aug. 7 for a test run at its expanded refinery facilities.

If the oil proves to be good, the company is prepared to sign a long-term supply contract with the BP.

Other oil companies, including LG oil, are ready to meet with the BP executive to discuss buying Alaskan oil to take advantage of the short distance between Korea and Alaska: It will cut the transportation time in half from 22-24 days for oil from the Middle East oil to only 12 to 14 days for Alaskan oil, and the oil industry has been in the process of diversifying its sources which are currently heavily concentrated in the Middle East.

The government is also ready to support the oil industry in this effort with 80 percent of the country's oil supply currently coming from the Middle East, to prepare for any contingency that might arise in the future.

The U.S. government has lifted its export ban on Alaskan crude, and has been seeking ways to export the oil to Asia in hopes that a number of Asian countries, mainly Japan and South Korea, would be able to use it as part of their oil source diversification policy.

ROK: President Kim, Kantor Discuss Trade Cooperation

SK2506053196 Seoul YONHAP in English 0515 GMT 25 Jun 96

[FBIS Transcribed Text] Seoul, June 25 (YONHAP) — U.S. Commerce Secretary Mickey Kantor paid a courtesy call on President Kim Yong- sam Tuesday morning at Chongwadae [presidential offices] to discuss ways of increasing bilateral trade cooperation between South Korea and the United States.

Kim asked Kantor to try to make it possible for the United States to import as many Korean products as possible since South Korea has a 1 billion-U.S.-dollar trade deficit with the United States despite the fact that it is America's fifth largest trade partner.

President Kim also asked Kantor to make a strenuous effort to strengthen economic cooperation between the two countries, saying, "Korea-U.S. economic, trade and security cooperation is very important."

Kantor reportedly replied that the two countries will have to resolve such trade issues on the basis of traditionally friendly bilateral relations.

Kantor arrived in Seoul earlier in the day as part of a U.S. presidential trade and economic policy mission to Asia to champion increased U.S. business activity and investment in the region.

Kantor's primary assignment while visiting South Korea, Indonesia and Thailand, is to seek business development and investment liberalization in Asia, especially in the automotive, telecommunication and transportation infrastructure sectors, according to the U.S. Embassy in Seoul.

He also spoke on the same day at a reception promoting the U.S. auto industry and will attend a dinner attended by Korean Government officials and representatives of the Korean and U.S. business communities. Before leaving Seoul Wednesday, he will tour Sinsegi cellular operation, a Korean-American telecommunication joint venture.

ROK Daily Views U.S. Commerce Secretary's Visit

SK2506082996 Seoul KYONGHYANG SINMUN in Korean 25 Jun 96 p 3

[Editorial: "U.S. Commerce Secretary's Agenda on His ROK Visit"]

[FBIS Translated Text] U.S. Commerce Secretary Mickey Kantor will have a series of meetings with pertinent ROK officials, starting today. With the U.S. presidential election at hand, it is obvious that he will strongly request additional market openings, because he is always aggressive at the negotiating table. That is why our "aggressive trade diplomacy," designed to meet the United States head on, should work well.

Some ROK Government officials appear to downplay the significance of his visit by calling it a "courtesy call upon taking office." However, the meaning of his trip is transparent. This is because he flatly said, right before leaving for Seoul, that he would "visit the ROK to open its communications, financial, and automobile markets and ensure its protection of intellectual property rights. Why has he chosen gigantic new Asian markets, especially the ROK, as the first leg of his foreign visits after taking office? He may try to convert the U.S. Commerce Department's traditional role of carrying out sales activities abroad into that of a troubleshooter for opening foreign markets, because he was the U.S. trade representative.

Therefore, we again urge the ROK team tasked with trade diplomacy to practice "adamant trade diplomacy," which the ROK declared at home and abroad. Whenever trade issues arise with the United States, what should not be overlooked is the fact that the ROK imports more from the United States that it exports to the United States. We cannot accept a U.S. travesty calling on the ROK Government to guarantee in writing private businesses' purchases of communications equipment, in which the government is supposed to have no say.

We also should not back down on pending issues concerning the inspection and quarantine systems for agricultural imports, because public health is at stake. Skillful negotiations are required for such current issues, because the financial market, intellectual property rights, and cars will determine the future of ROK businesses. As for cars, the reduction in tariffs and local taxes has been an issue between the ROK and the United States. If our business practices are inappropriate by international regulations and standards, this should be corrected drastically. Still, we should not accept unfair demands.

It holds true that there are many foibles in the pattern of U.S. import management. Hence, ROK trade officials should adamantly call for revisions of unfair U.S. trade practices, as well as negotiation practices that center on bilateral pressure rather than on multilateral negotiations, as in the World Trade Organization. We should ask the United States to lift its continued restrictions on ROK exports of color televisions, where the United States has concluded for five years running that the ROK's dumping of color television sets is marginal.

The tide of trade pressure will be high if Secretary Kantor, who is now visiting the ROK in the form of a courtesy call, unfolds intense demands for market opening during the meetings. This is why we desperately need a substantial promotion of "all-around trade diplomacy."

ROK: Carter Center Promises To Render Farm Support to DPRK

SK2206032796 Seoul CHUNGANG ILBO in Korean 22 Jun 96 p 1

[Report by Washington-based correspondent Kil Chong-u]

[FBIS Translated Text] The Carter Center, run by former U.S. President Jimmy Carter, promised North Korean authorities that it will closely cooperate with the agricultural sector to tide over North Korea's structural food crisis. This was revealed in the Carter Center's report exclusively obtained by CHUNGANG ILBO on 21 June.

The report, which was mapped out by a member of its agricultural support program who visited North Korea for 11 days beginning 4 June, disclosed that "the Agricultural Committee under North Korea's Administration Council has informed the Carter Center of its decision to allow joint cooperation in the agricultural sector," and that "the first attempt to promote cooperation with North Korea in the agricultural sector has succeeded." The report further disclosed that the Carter Center intends to support the development of plant breeding, the improvement of cultivation methods, and the increased production of food grains in North Korea in joint cooperation with international agricultural research institutes and aid organizations.

ROK-U.S. Joint Command Officer on DPRK 'Collapse' Theory

SK2506012696 (Internet) The Digital Chosun Ilbo WWW in English 1211 GMT 24 Jun 96

[FBIS Transcribed Text] Major-general Yi Sok-pok of the Korea-US Joint Command said that hints of impending North Korean collapse are to be found abundantly. He cited the seven-stage theory of collapse prepared by one Collins, a civilian working for the US 8th Army, namely 1) depletion of natural resources, 2) disproportionate supply of resources, 3) regional independence, 4) suppression, 5) resistance, 6) breakdown, 7) reorganization. According to Collins, the North is still undergoing stage 1), however Yi believes its position to be advanced as stage 3) or 4).

The Korea-US Joint Command is preparing both for a military threat from the North and the non-military scenario, namely collapse. It is maintaining close surveillance on the North. Yi said that the role of the Command was originally designed to prepare for military provocation but that it must now be expand to prepare for non-military consequences.

Once peace is achieved in the peninsula, the United Nations Command will be disbanded and the US Forces in Korea will commence merging with counterpart forces in Japan.

The fact that Lee has made the above comments indicates that for the first time the US and South forces are jointly allowing for the distinct possibility of a North collapse. They have even contemplated making provision the establishment of setting up an interim government in the North.

ROK: DPRK Foreign Ministry Officials Arrive in U.S. for Seminar

SK2506044996 Seoul CHUNGANG ILBO in Korean 25 Jun 96 p 2

[FBIS Translated Text] Three North Korean government officials, including Yi Kon, head of the American affairs section of the North Korean Foreign Ministry, arrived in Washington on 23 June to spend a week attending symposiums on issues concerning the Korean peninsula.

The entourage will attend a closed-door conference regarding issues on the Korean peninsula to be held at George Washington University in Washington for two days beginning 24 June. Following this, the entourage will head for San Francisco to attend a seminar at Stanford University.

ROK: DPRK, U.S. To Have 'Unofficial' Contact in Washington

SK2506085796 Seoul YONHAP in English 0844 GMT 25 Jun 96

[FBIS Transcribed Text] Seoul, June 25 (YONHAP) — Working-level officials from North Korea and the United States will make unofficial contact Tuesday in Washington to discuss pending issues including the opening of liaison offices between the two countries.

A diplomatic source here said Yi Kon, director of the North Korean Foreign Ministry's North American Division, will meet with David Brown, chief of the Korean Desk at the U.S. State Department.

"Yi will contact Brown unofficially when he visits the United States to attend a seminar at Stanford University," the source said. "They will exchange views on issues pending between the two countries."

Observers have predicted that they will also discuss issues related to Washington's economic sanctions on Pyongyang, food assistance to North Korea, North Korea's missile exports and the repatriation of American soldiers killed on the Korean peninsula.

Their scheduled meeting is drawing attention because the United States will be able to determine what North Korea's position is on the four-way peace talks proposed by South Korea and the United States.

Yi arrived in Washington Sunday and is scheduled to attend the "Future of the North Korea-U.S. Relations" seminar at Stanford.

Ri's trip to the United States coincides with the North Korean Foreign Ministry's Japanese Division Director Yi Chol-chin's trip to Japan to discuss establishing diplomatic relations between Tokyo and Pyongyang.

ROK: DPRK Troops at Panmunjom Wearing New Insignia

SK2506122496 Seoul YONHAP in English 1221 GMT 25 Jun 96

[FBIS Transcribed Text] Seoul, June 25 (YONHAP) — North Korean army guardsmen in the truce village of Panmunjom have recently begun to use a new insignia on the left shoulders.

North Korean Panmunjom troops did not use any DMZ insignia since last April when Pyongyang declared the abandonment of their obligations under the armistice agreement.

All personnel performing their duties in the DMZ area are required by the armistice agreement to use DMZ armbands.

A defense ministry source said Tuesday North Korean troops in the northern sector of Panmunjom began to use the new mark last Saturday afternoon.

The 8cm x 12cm insignia carries the word "Panmunjom" in white Korean letters on a green ground in the lower part. The upper part shows the designs of a yellow star and a crescent on a red ground.

"We believe the insignia is meant to show that their organization has changed from the North Korean component of the military armistice commission to "Panmunjom mission of the People's Army," the source said.

ROK: POSCO Promotes Construction of Billet Plant in DPRK

SK2106140196 Seoul YONHAP in English 1202 GMT 21 Jun 96

[FBIS Transcribed Text] Seoul, June 21 (YONHAP) — Pohang Iron and Steel Co. (POSCO) is promoting the creation of a billet plant in North Korea.

"We have okayed a POSCO plan to build a billet plant in North Korea taking advantage of rich iron ores there and introduce the billets produced into South Korea," a senior government official said Friday.

If the project actually materializes, it would be the first inter-Korean scheme in the heavy industry area.

A business source said POSCO people were discussing with officials from the North's Smacholli General Co. in Beijing on the scale of POSCO's investment in the billet project.

Samcholli is North Korea's conduit for economic dealings with South Korea.

North Korea, however, is interested more in the construction by South Korean industries of large-scale steel works including secondary processing plants such as cold-rolled steel plate facilities.

"Our stand is to build primary steel plants in the initial phase and expand the facilities depending on the performance of the primary facilities," the government official said.

ROK: Private Inter-Korean Contacts Said Increasing in Number

SK2406021496 (Internet) The Joong-Ang Ilbo WWW in English 24 Jun 96

[FBIS Transcribed Text] Despite cooled inter-Korean relations, private contacts are taking place at increasing rates. Figures show that a total of 333 South Korean citizens had contacts with North Koreans during the January-May period of this year and 57 have visited the North. Also a total of 5,518 people (in 1,771 cases) have contacted North Koreans since 1989 when inter-Korean exchanges and mutual visits were allowed for the first time. The Unification Ministry estimated that 1,301 people (in 90 cases) have actually visited the North during the 8-year period.

ROK: Kim Kyong-hui Said Influential in DPRK Foreign Economic Affairs

SK2406041496 Seoul CHOSON ILBO in Korean 24 Jun 96 p 9

[Report by Kim Yon-kwang]

[FBIS Translated Text] It was learned on 23 June that Kim Kyong-hui, younger sister of Kim Chong-il, exercises as strong an influence over external economic affairs as her brother.

A businessman who is pushing ahead with economic cooperation with North Korea said: "Until the end of last year, it was relatively easy for ROK and foreign businessmen to meet Kim Kyong-hui to discuss issues concerning economic cooperation. However, nowadays it is extremely difficult." He continued: "This indicates that her status has been elevated." He added: "Kim Chong-il was the only one who could approve the use of dollars in North Korea. However, now Kim Kyong-hui also has the power to do so."

ROK: DPRK Kumgangsan Plant Construction Reaches '50 Percent' of Plan

SK2406074596 Seoul CHOSON ILBO in Korean 24 Jun 96 p 9

[Report by Kim In-ku]

[FBIS Translated Text] It was learned on 23 June that the scale of the first-stage of construction of North Korea's Kumgangsan Power Station (located in Sinhwa-ri, Anbyon County, Kangwon Province) is estimated to be 50,000 to 100,000 kilowatts, about 10 percent of the entire generating capacity of 810,000 kilowatts.

A source well-informed about North Korean affairs said: "In 1986, North Korea planned to generate 400,000 kilowatts upon completion of the first-stage of construction and 810,000 kilowatts with completion of the second-stage of construction. However, the plan hit a snag, because construction of the Imnam Dam (Kumgangsan Dam), the main dam of the Kumgangsan Power Station, has been delayed." He continued: "The Imnam Dam, which can store 2.624 billion tonnes of water and which is 120 meters high, has frequently collapsed during construction because the configuration of the surrounding land is rugged. In the last 10 years, only a flood protection dam has been built." He added: "Kim Chong-il's inspection of the Kumgangsan Power Station construction site, which has only achieved 50 percent of the original plan, is of symbolic significance in that it has been 10 years since Kim Il-song ordered the construction of the power plant."

ROK: Civilian Group Set Up To Help DPRK Flood Victims

SK2206141296 Seoul KBS-1 Television Network in Korean 1200 GMT 21 Jun 96

[FBIS Translated Text] A meeting was held today at the Suhun Hall in Anguk-tong, Seoul to inaugurate the Movement of Helping One Another in Our Nation aimed at helping North Korean compatriots who are suffering from flood damage.

At the inauguration meeting, So Yong-hun, former president of the Korean Broadcasting System, stated that the Movement will help North Korean residents who are suffering a serious food crisis in close cooperation with the government and will prepare the ground for national reunification.

ROK: DPRK Soldiers' Growth Reportedly Declines Due to Food Crisis

SK2406012996 Seoul CHUNGANG ILBO in Korean 23 Jun 96 p 2

[FBIS Translated Text] The average height and weight of North Korea's soldiers has greatly diminished, meaning they are shorter and smaller. Recently, North Korea greatly lowered the physical standards for the military draft, indicating that the average physical size of North Korea's soldiers has diminished.

According to data recently obtained by the NAEWOE News Agency, a few years ago North Korea greatly lowered the physical examination standards because juveniles are not fully grown due to malnutrition caused by the drawn-out food crisis. North Korea is said to be recruiting soldiers with new height standards, which has been lowered by three or four cm. The average height of a North Korean soldiers used to be 163 cm, even though there existed no formal data on this. This was based on the fact that 90 percent of military clothes, which are provided by the Rear General Bureau of the Ministry of the People's Armed Forces, was "third grade," which is for those who between 163 to 165 cm, and that the majority of military shoes were sized 240 mm and combat boots were sized 245 mm. Since North Korea has lowered its physical examination standards for the military draft, the average height of a North Korean soldier is estimated to be less than 160 cm.

The reduced physical size of North Korea's soldiers is also caused by embezzlement by officials. North Korea has classified the food ration supplied to soldiers into four grades based on the distribution plan of the Rear General Bureau of the Ministry of the People's Armed Forces. The average amount of rations per each soldier is 800 grams of mixed crops (the equity of rice and corn is three to seven), 10 to 20 grams of edible oil, and 100 to 200 grams of pork. However, the actual rations drawn by a soldier is 650 grams of mixed crops and seven grams of edible oil.

ROK: Pharmacists Plan To Send Medicines to DPRK Via Red Cross

SK2406015096 Seoul YONHAP in English 0136 GMT 24 Jun 96

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — South Korean female pharmacists are planning to send medicines to North Korean residents suffering from severe food shortages through Red Cross channels.

The Korean Woman Pharmacist Association said Monday it will soon advise the Red Cross Society of North Korea of the relief plan through the (South) Korean National Red Cross (KNRC).

The KNRC will give its North Korean counterpart a list of medicines the pharmacist association plans to send and forward the relief through International Red Cross channels if Pyongyang agrees to accept them.

The drug assistance will be the first of its kind ever delivered to the North.

In September 1984 when the South was hit by floods, the North sent 795 boxes of 14 kinds of medicine, along with rice and cloth, to the South.

President Mun Hui of the Pharmacist Association said her association decided to send drugs to North Korea at a recent meeting. The association is preparing a list of drugs to be sent to the North and major items on the list are food supplements or vitamins, in view of the North's food shortages, she explained.

In March North Korea's Red Cross Society asked the International Federation of Red Cross and Red Crescent Societies to send cash, rice, soybeans, flour and cooking oil, and the KNRC has sent 730 million won worth of blankets, ramyon (instant noodles), socks and cooking oil to the North on four occasions.

ROK: DPRK Underground War Reserve Grain Storage Facilities Expanded

96P30214 Seoul NAEWOE TONGSIN in Korean 25 Apr 96 pp A1-A6

[FBIS Translated Text] North Korea has reportedly built additional underground facilities to store reserved grains in remote, secluded mountain areas for use in a war, attracting our special attention.

According to materials obtained recently, of the total 73 grain storage facilities located in remote mountain areas which are under the control of the Ministry of People's Armed Forces, North Korea has built one new half-submerged type grain storage facility each at 60 grain storage areas in North Korea, totalling 60 new half-submerged type grain storage facilities.

What shocks us is that the construction of such new half-submerged type grain storage facilities began at the end of 1995 when foreign relief goods from international organizations and western countries were pouring into North Korea right after the flood damage last year. This is because the construction of such grain storage facilities began at a time when suspicions had begun to develop that the 150,000 tonnes of rice provided to North Korea by the ROK Government and the 500,000 tonnes of rice provided to it by the Japanese Government were reserved for military purposes.

It has been learned that beginning in 1987 North Korea built three different types of grain storage facilities — the tunnel type, the silo type, and the half-submerged type — to store reserved rice for military use, and that as of the end of 1995 North Korea had secured grain storage facilites capable of storing at least 1.42 million tonnes of grain.

According to statements by a North Korean who defected to the ROK late last year, in North Korea rice reserved for military use is controlled by the "Grain Department" under the "Logistical General Bureau" (director: General Hyon Chol-hae) of the Ministry of People's Armed Forces. According to him, at that time North Korea built reserve rice storage with the target of storing at least one million tonnes of grain or grains for 170 days.

Location and capacity of food storage facilities that have been identified to date: 37 areas, including Yangdok and Yonggang County in South Pyongan Province, for a total of 217,000 tonnes; 39 areas, including Kusong City and Pakchon County in North Pyongan Province, for a total of 200,000 tons; 28 areas, including Hamju and Yonggwang County in South Hamgyong Province, for 149,000 tons; and 13 areas, including Yongsong District in Pyongyang, for 69,000 tons.

Half-Submerged Storage Facilities Added to 60 Grain Storage Locations.

In spite of such huge storage facilities, North Korea suddenly built half-submerged storage facilities made of concrete in December, and this was enough to raise questions about whether rice aid to North Korea is diverted for military use rather than for feeding civilians.

North Korea needs at least 2.33 million tonnes of additional grain this year. As an effort to supplement this shortage, North Korea has begun confiscating grains illegally dealt with in black markets. The North Korean authorities are also investigating those people involved in grain black marketeering. Thus, they are making desperate efforts to secure grain.

War Reserve Grain Storage Capacity: 1.42 Million Tons

In addition, North Korean authorities are making every effort to prevent a drain on food and to gather food by finding people who trade food illegally, trying them in open court (people's court), and publicly punishing hundreds of people.

It is very unusual for North Korea to concentrate on building war reserve grain storage facilities pointedly while the country is carrying out an unreasonable food policy such as collecting food from starving people. It is strange that they are building grain storage facilities when there is no food to store. The North Korean soldiers who are mobilized to build the facilities reportedly wonder likewise about this construction.

Since the soldiers at the contruction sites have questioned the need to build grain storgae facilites in light of current food shortages, North Korean authorities have reportedly provided public security indoctrinstion explaining that they are building half-submerged storage facilities because these provide superior antiaircraft protection in time of war, offer better ventilation, can preserve goods better than the existing facilities, and are cheaper to build.

1.2 Million Tons of War Reserve Grain Kept

Regarding the reserved grains for military use, Western diplomats have stated that if North Korea were to supply the reserved grains stored for military use to civilians it would settle the food crisis until the harvesting season this year. Of the grain shortage of 2.33 million tonnes this year, North Korea has already received 650,000 tonnes from the ROK and Japan and a considerable amount of rice from international organizations. Therefore, the actual shortage of grains is only about 1.5 million tonnes. Accordingly, observers say that if North Korea were to supply the present 1.2 million tonnes of grain reserved for military use to civilians, the present food crisis facing North Korea would be resolved without additional aid from outside.

Particularly, North Korea's current food shortage problem could be solved if the country would divert at least $170 million, or 3 percent of its $5.7-billion annual defense budget, to fund food programs.

It has been learned that there are a total of 248 grain storage facilities for reserved grains for military use in North Korea and that approximately 1.2 million tonnes of grain are stored in these storage facilities.

Reserved grains are divided into three categories — for exclusive military use, military and civilian use, and civilian use.

Increased Suspicion about Rice Aid Being Diverted for Military Use

The grains for exclusive military use are managed by the "Grain Department" under the "General Logistical Bureau of the Military of the People's Armed Forces"; grains for military and civilian use managed by the "Logistical Mobilization General Bureau," which is in charge of managing "war supplies"; and grains for civilians use managed by the Ministry of Food Administration.

The war reserve grain is stored in tunnel-type, silo-type, and half-submerged storage facilities, and part of the grain is kept in open storage areas. The types of North Korean war reserve grain maintenance and storage facilities are as follows:

Half-submerged storage: This is the most basic of storage facilities. A half-submerged storage facility is made of cement concrete and is 14 meters wide, 60 meters long and four meters high. Half-submerged storage facilities are reportedly located in 68 areas, including Yangdok and Sukchon of South Pyongan Province.

Tunnel-type storage facilities: There is one tunnel-type storage facility in Oktol Valley in Yonggang County, South Pyongan Province. There is a rice mill inside the tunnel. A railway is linked to the tunnel entrance. The storage capacity is 100,000 tonnes, all of which is for military use.

Silo-type storage: A silo-type storage facility is cylindrical. Ten cylindrical silos form one silo-type storage faciliy. They are above-ground facilities. They are located in four different areas, including Yangdok and Kaechon in South Pyongan Province.

Open storage type: Rice is stored temporarily in open areas to reduce the moisture level from 15-17 percent at harvest time to 13 percent. They stack rice bags, cover them with straw, and leave them in open storage areas in mountainous areas, inlcuding Tongchon in Kangwon Province and Yongsong District in Pyongyang.

In conclusion, North Korea appears to seize the opportunity to secure war reserve grain when it receives humanitarian food aid from our government, international organizations, and western countries following the recent flood. As indicated, North Korea, which does not even have food to distribute to its people, let alone store it, is constructing half-submerged storage facilities in grain storage areas that are under the jurisdiction of the Ministry of People's Armed Forces, whose primary function is to wage a war. Moreover, these storage areas are in remote mountainous areas that ordinary people cannot reach.

ROK: Defector Says DPRK Receives Spy Photos From Russia

SK2506031996 Seoul THE KOREA TIMES in English 25 Jun 96 p 1

[FBIS Transcribed Text] A North Korean pilot, who defected here in a Russian-built MiG-19 last month, said that the North still receives spy satellite photos of both South Korean and U.S. military installations from Russia.

In a meeting with reporters covering the Defense Ministry yesterday, former North Korean Air Force Capt. Yi Chol-su, 30, said: "I was told by a unit intelligence officer that the North receives updated satellite photos of military bases in the South from Russia on a regular basis in return for a fee."

He said he found that Suwon Air Base, where he landed May 23, and facilities such as its hangars and fueling points were exactly the same as he saw them in the photos.

The defector said that North Korean fighter and bomber pilots are assigned South Korean military targets they are supposed to hit should war break out. "I was supposed to take out radar installations and other military targets located on the Paengnyong- to Islands, the northernmost group of islands in the West Sea," he said.

Capt. Yi also said that the North learned a lesson from Iraq's defeat at the hands of the electronically superior allied expeditionary force during the Gulf War. "The North has beefed up its capabilities to counter the U.S. electronic advantage ever since," Yi said.

Yi said that North Korean planes are grounded because of limited fuel but its pilots train in simulators or with devices of their own making to make up for that.

"Last year, we logged nine hours of actual flight time," he said. "However, we spent hundreds of hours in simulators and were full of confidence of beating the South's main fighters F-4s and F-5s." But he admitted that he and other North Korean pilots were unsure about their chances against the more sophisticated F-16s, which the ROK Air Force is replacing its outmoded fighters with.

He also said that the hangars of Onsan Air Base, where he was stationed, are built underneath mountains so as to remain safe against heavy bombardment.

"There is another air base located near the eastern coast that is also built underground," he said.

ROK: Russian Military Official Denies Photos Sold to DPRK

SK2506125396 Seoul YONHAP in English 1241 GMT 25 Jun 96

[FBIS Transcribed Text] Moscow, June 25 (YONHAP) — The Russian military on Tuesday categorically rejected the allegation by a recent North Korean defector that Russia had been supplying North Korea with satellite pictures of South Korean areas.

Yi Chol-su, 30, a former North Korean Air Force captain, who flew his MiG-19 into South Korea in a daring defection, told a press conference in Seoul Monday he was familiar with major air base facilities in the South thanks to satellite air photos provided by Russia.

"We don't need to pay any moral attention to Capt. Yi's contention," an officer of the Russian general staff said. "We do not sell reconnaissance materials."

In an interview with ITAR-TASS, the officer said such a statement was part of a conspiracy to disgrace the Russian forces.

Because of their confrontation over a long period of time, he said, the two Koreas already have necessary information on the other side even without the aid of satellite.

"The background of Capt. Yi's remarks was not military but political," the officer said.

ROK: DPRK Increases Number of Chartered Flights to Japan

SK2206022896 Seoul YONHAP in English 0223 GMT 22 Jun 96

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — North Korea has drastically increased direct North Korea-Japan flights to encourage more Japanese tourists, a source here said Saturday.

North Korean-flag Koryo Air has had nominal chartered flight service from Pyongyang to Nagoya, Japan since 1992.

The source said that an advertisement appearing in a recent issue of the CHOSON SINBO published by the pro-Pyongyang Chochongnyon organization said that 14 direct Nagoya-Pyongyang flights have either already been flown since last April or are scheduled through November this year.

The Chugai Travel Co., a specialist in tours of North Korea, placed the ad. The flight takes three hours and there are six four- to six-day North Korea travel package deals costing between 169,000 to 299,000 yen.

It also said nine flights are available during the period for two separate tours that include China and North Korea.

In January 1992 North Korea and Japan agreed that North Korea could operate chartered planes approximately 80 times a year between Pyongyang and Nagoya.

Until last year, however, very few flights were actually flown due mainly to the North Korean nuclear issue and the deadlocked normalization talks between the two countries, the source added.

ROK: DPRK Officials in Japan To Discuss Political, Economic Ties

SK2506075796 Seoul SEOUL SINMUN in Korean 25 Jun 96 p 7

[Report by Tokyo-based correspondent Kang Chin-sok]

[FBIS Translated Text] A delegation composed of four officials, including Yi Chol-chin, head of the Japanese Affairs Section of the North Korean Foreign Ministry, and officials from the Research Institute for Disarmament and Peace, a subsidiary organization of the North Korean Foreign Ministry, arrived in Japan on 24 June. Earlier, Yi Chol-chin, head of the Japanese Affairs Section, secretly contacted Japanese officials in Beijing to discuss the resumption of negotiations to establish diplomatic relations between North Korea and Japan.

After arriving at Narita Airport that day, Kim Yon-kil, adviser to the institute and head of the delegation, said concerning the possibility of contacting Japanese Foreign Ministry officials that he would review the itinerary, thus strongly suggesting a possibility of contacts for the resumption of negotiations.

The visit of the delegation to Japan is being made at the invitation of the International Issues Research Institute under the Japanese Foreign Ministry in response to North Korea's invitation of a delegation from the Institute to visit North Korea last March. The purpose of the delegation's visit to Japan is reportedly to attend a seminar. However, contacts between working-level diplomatic officials from the two countries are expected to follow. This being the case, the visit of the delegation is not merely aimed at attending academic research activities. In particular, the contact is to be held immediately after the principle for establishing the ROK-Japan cooperative system for North Korean affairs was confirmed during the Cheju ROK-Japan summit on 22-23 June. Thus, how the Japanese side will respond to the delegation's visit will attract the people's great attention. The North Korean delegation, just like the Japanese delegation that visited North Korea for a week in March, will stay in Japan for about a week to exchange views with Japanese officials from the institute and will inspect economic and business facilities. The delegation will hold meetings with Japanese research institute officials in Tokyo on 25- 26 June. Despite denials by Japanese Foreign Ministry officials, there is a great possibility that informal contacts will be held between Foreign Ministry officials from the two countries for negotiations on diplomatic relations. It is also likely that they will exchange views on their positions toward economic exchanges between North Korea and Japan.

The current delegation's visit to Japan is in contrast to the failure of the visit to Japan by Yi Chong-hyok, deputy director of a department in the Workers Party of Korea [WPK] who wished to visit Japan early in June leading a WPK delegation. It is estimated that negotiations between the two countries are being changed into a government-led structure from a political party-led formula.

In particular, what attracts people's attention most about the delegation's visit is the fact that Yi Chol-chin, head of the Japanese Affairs Section, is included in its entourage. Yi Chol- chin, in his early thirties, is the youngest among heads of sections within the North Korean Foreign Ministry. He is a graduate from the

Department of Journalism at Kim Il-song University, and is known to deal with diplomatic issues regarding Japan through direct discussions with Kang Sok-chu, the real power holder in the North Korean Foreign Ministry. This being the case, the attention of diplomatic circles in Japan is focused on when and where Yi Chol- chin will meet Besho Goro [name as transliterated], head of the Northeast Asian Affairs Section of the Japanese Foreign Ministry, with whom Yi held secret contacts in Beijing, and what topics Yi will discuss with him while in Japan.

ROK: Opposition Criticizes Agenda of ROK-Japan Summit

SK2206093096 Seoul YONHAP in English 0844 GMT 22 Jun 96

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — Opposition parties Saturday criticized the agenda of the South Korea-Japan summit meeting slated for Sunday.

The spokesmen of the three opposition parties issued comments, urging the government to adopt such issues as dominion of South Korea's easternmost island Tokto, comfort women for the Japanese military during World War II and bilateral fisheries agreement as agenda of the Sunday's summit.

However, the ruling New Korea Party said that the government should statistically judge according to situation what issues to be included in the agenda of the summit meeting or in the working-level meeting of foreign ministers.

Rep. Chong Tong-yong, spokesman of the main opposition National Congress for New Politics (NCNP), and Kim Hong-sin, spokesman of the minor opposition Democratic Party (DP), and Rep. An Taek-su, spokesman of the conservative opposition United Liberal Democrats (ULD) harshly blamed the government's selection of agenda.

They said that it is not an open and aboveboard diplomacy to exclude the issues of comfort women, dominion of Tokto and other important issues from the agenda of the summit meeting and discuss only the co-hosting of the 2002 World Cup finals and so-called "four-party" meeting to find out ways to secure peace on the Korean Peninsula.

However, Rep. Kim Chol, NKP spokesman, refuted that selection of agenda is up to the government's judgement.

"Diplomacy is to make statistical choices according to current situation. Which issues are appropriate for which meetings belongs to statistical choice," he said.

ROK: Editorial Criticizes ROK-Japan Cheju Island Summit

SK2506015896 (Internet) The Digital Chosun Ilbo WWW in English 1205 GMT 24 Jun 96

[Editorial: "Open-Necked Summit"]

[FBIS Transcribed Text] It is indicative of the efforts by Korea and Japan to make the relationship shared by the countries more intimate that their respective leaders dressed down at the summit talks held in Cheju Island on the weekend. The more informal and heart-to-heart the dialogue between the two nations the better.

There is still a strong hint of fragility between the countries however. This was borne out by the fact that while Hashimoto and Kim agreed openly and take mutually supportive outward stances in respect of international issues there was no real progress in respect of closer issues actually subsuming the two states. Although for the first time Hashimoto as Japanese head of state expressed regret in connection with the Korean comfort women issue, Japan still avoids shouldering real responsibility in the regard at the political level.

Japan has often in the past engaged in similar camaraderie but regretfully this has to date always been short-lived and rarely have the pledges made by Japan been honoured. The future path is still untrammelled as Japan will inevitably continue to repeat its insincerity of the past. The previous emperor and prime-ministers of Japan have often expressed regret and made promises of rectification in respect of past events but these assuages have not been truly meant, rather simply hollow gestures of form. This time Hashimoto has again in typical vague Japanese style said "we bear a heavy burden due to our past acts but this time we will realize our dreams of the future as we have been granted the right to jointly host and sponsor the world cup".

At the risk of spoiling the positive atmosphere engendered as a result of the joint soccer rights, the leaders at the summit avoided other issues of deeper significance such as the blasphemies of Japanese politicians, the Korean comfort women, the Exclusive Economic Zone and fishery agreements disputes and the trade surplus enjoyed by Japan over Korea. To solve these issues, frank and soul- searching discourse is needed. The careless words of politicians have in the past regularly spoiled the mood of fostering future prosperous relations between the two countries. Hashimoto must bear this in mind and be sure to avoid engaging in provocative actions and words in the days ahead.

ROK: KOICA: ROK Should Transfer Economic Experience, Technology

SK2306004996 Seoul THE KOREA HERALD in English 23 Jun 96 p 2

[Report by staff reporter Kim Kyong-ho]

[FBIS Transcribed Text] South Korea's international aid policy should focus on the transfer of its economic development experience and intermediate technology to developing countries, the-head of the nation's grant aid agency said yesterday.

Chong Chu-nyon, president of Korea International Cooperation Agency (KOICA), said he has tried to a shape a "Korean-style" international cooperation.

South Korea, he said, differs in its motivations and conditions for international aid from other more advanced nations seeking political and economic gains from developing countries, many of which are their former colonies.

Many developing countries want active cooperation with South Korea, which they regard as a development model, he said.

"What they want from us is not large-scale financial support or the transfer of advanced technology but our economic development experience and intermediate technology," he said.

In pushing for Korean-style international cooperation, Chong said, his agency has been focusing on technical training and human resource development.

It invites trainees from developing countries for training in Korea and dispatches Korean experts to those countries.

Chong also said South Korea needs to implement project-type cooperation programs, which combine provisions of machinery and equipment with personnel support.

In an interview with The Korea Herald, Chong said he wishes to see the Korean public actively back up his agency's activities.

Chong, who gives lectures on international aid frequently, said only a few people know of his agency and its activities.

"We know we have a long way to go when we are compared with other aid agencies in advanced countries. But we hope our people and media will appraise our activities properly and encourage us," he said.

Chong, 59, took the helm of KOICA in April 1994, which was set up in 1991 as a conduit for South Korean grants and-technical assistance to developing countries. Before then he served as deputy head of the agency for one year.

He became acquainted with the agency while he was ambassador to Thailand from 1989 to 1992. At his request, KOICA sent Korean youth volunteers to Thailand. A total of 219 Korean youth volunteers are working in 22 countries.

KOICA plans to spend $62.1 million this year in grant programs for 129 countries and 12 international organizations, up from $49.2 million last year.

Chong said South Korea needs to increase its official development assistance (ODA) to developing countries, which breaks down to economic grants, financial contributions to international Organizations and soft loans from the Economic Development Cooperation Fund (EDCF).

South Korea's ODA amounted to $140 million in 1994, a meager 0.04 percent of its gross national product (GNP).

The ratio is far behind the 0.3 percent average for members of the Organization for Economic Cooperation and Development, a Paris- based fraternity of advanced nations, which South Korea plans to join in the near future.

Chong said South Korea should increase its ODA to at least 0.15 percent of its GNP, or $600-700 million, the level Japan reached in the early 1960s.

Grants, which have remained below 20 percent of South Korea's overall assistance to developing countries, should constitute a greater portion, he said.

"Grants will match the spirit of development assistance and increase its quality," he said.

In its 1997 budget request, the Foreign Ministry is calling for $150 million to finance KOICA programs, up 160 percent from this year.

"Of course, the budget planners are certain to slash our demand," Chong said.

Chong is a demanding boss to his KOICA employees. He has been pressuring his staff members to become top-class aid officers in the world and trying to trim red tape.

ROK: Foreign-Made Cars Securing Greater Share of Domestic Market

SK2306005096 Seoul THE KOREA HERALD in English 23 Jun 96 p 8

[FBIS Transcribed Text] Foreign-made cars are securing a greater share of the domestic large-size passenger car market.

The Korea Automobile Manufacturers Association (KAMA) said yesterday that foreign-made cars accounted for 19.1 percent of the total sales of large-size passenger cars with engine capacities of 2,000 cc [cubic centimeters] or more, in the first quarter of 1996.

It represents a sharp rise over the 12.8 percent share recorded in 1994 and the 13.9 percent share in 1995.

It also means that one out of five large-size passenger cars currently on the streets of Korea, is an import, a KAMA spokesman said.

When compared with sales figures for large-size cars from the first quarter of 1995, the number of foreign cars sold surged 56.5 percent in the January-March period of 1996, whereas that of Korean made cars dropped 19.9 percent.

These figures indicate that a growing number of high income- bracket Koreans prefer foreign-made sedans to domestic brands, said the spokesman.

The domestic share of foreign cars with engine sizes between 1,000 cc and 2,000 cc also expanded from 0.29 percent in 1994 to 0.49 percent in 1995, and to a further 0.57 percent in the first quarter of 1996.

In addition, domestic sales of all foreign-made cars totaled 2,092 units or $214 million worth, in the first quarter of this year, up 68.5 percent and 35.6 percent in terms of number of units sold and dollar value, respectively, from a year earlier.

The key reasons behind the surge foreign car sales are lowered acquisition taxes for owners of large cars, including imports, and intensified sales activity by domestic dealers of foreign cars, he said.

ROK Ministry Sets Overseas Spending Ceiling on Credit Cards

SK2506011996 (Internet) The Digital Chosun Ilbo WWW in English 1208 GMT 24 Jun 96

[FBIS Transcribed Text] The Board of Finance and Economy Monday announced that in order to discourage the excessive purchase of goods and luxury items overseas it will impose an absolute total ceiling of $US5,000 on the use of the credit cards. Under that Board's plan, anyone who exceeds the limit by up to $1,000 will receive a warning and the cards of those who exceed the limit by 1- 3, 3-5 or 5- months will be suspended for 3, 6 and 12 months respectively.

Lodging and transport costs will be exempt from the credit limits stipulation.

Until now, there has been a $US5,000 spending limit imposed on each separate card held by the consumer but not a collective ceiling.

The Board also effectively reversed a recent decision to ease the regulation imposed upon the transfer of funds overseas, namely the raising of the limit from $US5,000 to $US10,000, by requiring in future all collective remissions in excess of $5,000 to be reported to the Bank of Korea.

ROK: NKP Secretary-General Sues 6 Opposition Leaders for Libel

SK2206031196 Seoul YONHAP in English 0244 GMT 22 Jun 96

[FBIS Transcribed Text] Seoul, June 22 (YONHAP) — Ruling New Korea Party [NKP] Secretary-General Kang Sam-chae filed a suit against six opposition leaders Saturday for libel resulting from the opposition's "Election Fraud White Paper."

The defendants named in the suit are President Kim Tae-chung of the National Congress for New Politics (NCNP), President Kim Chong- pil of the United Liberal Democrats (ULD), President Yi Ki-taek of the Democratic Party (DP), Rep. Kim Yong-pae of the NCNP, Rep. Han Yong-su of the ULD and Chang Kyong-u of the DP.

In the suit filed with the Seoul District Prosecutor's Office, Kang denied the opposition accusation that the NKP rigged the election and claimed that the charges in the white paper are groundless and libel his party.

He demanded that prosecutors thoroughly investigate the opposition's election rigging charges to clarify the truth about the recent general elections.

ROK: Former Defense Chief Contradicts Chon Tu-hwan

SK2406081496 Seoul YONHAP in English 0730 GMT 24 Jun 96

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — The assertion of former president Chon Tu-hwan that he was not involved in the replacement of the Combat Arms Training Command (CATC) commander during the 1980 bloody suppression of the prodemocracy Kwangju uprising was contradicted Monday.

Defendant Chu Yong-pok, former defense minister, while responding to cross-examination by his defense attorney, testified, "then martial law commander Yi Hui-song reported to me that he had consulted with defendant Chon Tu-hwan prior to replacing CATC commander Gen. Yun Hung-chong with Gen. So Chun-yol."

Chu was testifying at the 16th session of the ongoing public trial involving charges stemming from the Dec.

12, 1979 mutiny and May 18, 1980 Kwangju massacre that began at 10 AM Monday at the Seoul District Court.

During the morning session, defense attorneys finished cross examining four defendants involved in the Kwangju massacre — Hwang Yong-si, Chong Ho-yong, Yi Hui-song and Chu Yong-pok — and answered supplementary questions from prosecutors and inquiries by the panel of judges.

In the afternoon session, prosecutors presented more than 1,000 pieces of evidence related to the brutal suppression of the Kwangju uprising including defendant affidavits, on-site investigation reports and comprehensive historical data on the Kwangju uprising.

The defense lawyers, who did not present any evidence of their own, objected to most of the evidence submitted by the prosecutors.

The prosecutors have applied for the court's adoption of more than 40 witnesses in connection with the Kwangju massacre. Among them were former president Choe Kyu-ha, former Prime Minister Sin Hyon-hwak and former chief presidential secretary Choe Kwang-su, who were asked to testify about the Dec. 12, 1979 mutiny case.

Kwon Chong-tal, former Defense Security Command (DSC) intelligence chief, Han Yong-won, former chief of DSC Intelligence Department No. 1, CATC commanders Yun Hung-chong and So Chun-yol, Chin Chong-chae, former 2nd army commander, and Chong Ung, former 31st army division commander also testified.

The panel of judges plan to choose 30 witnesses and to have them testify after July 4.

ROK: KEF Concerned Over Compromise Between Labor, Management

SK2206004396 Seoul THE KOREA TIMES in English 22 Jun 96 p 1

[Report by staff reporter No Chun-hon]

[FBIS Transcribed Text] Thursday's [20 June] compromise hammered out by management and union representatives at state-run companies, including the Seoul Subway Corp., came as good news but the reinstatement of dismissed workers is provoking concern among businesses.

The Korea Employers Federation [KEF] yesterday issued a strongly- worded statement, urging the government to stand by its basic principles in labor-management negotiations and reject unreasonable demands by trade unions.

After an emergency KEF meeting at the Seoul Plaza Hotel yesterday, executive vice chairman Cho Nam-hong said, "The reinstatement of dismissed workers is simply not within the scope of annual collective bargaining."

He said the government must assume greater responsibility as the enforcer of law and order and must not allow the circumvention of labor-management principles by succumbing to the "bullying" of trade unions.

The strong position of KEF against compromises reached at five state-run companies early this week was an apparent attempt to prevent them from influencing labor-management negotiations at private enterprises.

One KEF official said, "As it is, business conditions are poor this year and exports are not as good as last year, so companies simply cannot afford double-digit increases in wages."

The complaint appears to be sound. Against the government guideline for increases of 5.1-8.1 percent, companies like Korea Telecom have offered 8 percent increase in gross salary and other allowances. The KEF had set 4.1 percent for wage hikes.

"The increase in wages at state-run companies often sets a precedent for private firms, and the hikes at the five enterprises reach double-digit figures when special allowances are included," he said.

Deputy Prime Minister and Finance and Economy Minister Na Ung-pae has asked business leaders in a recent meeting to keep wage increases down when the economy is suffering from favorable conditions.

"We have been making serious efforts to stick to government guidelines in our negotiations with the unions. What are we to do now that state-run companies are making huge concessions? another KEF official questioned.

However, the sensitive issue appears to be the question of reinstating dismissed workers, a compromise which may set a precedent in negotiations in private companies.

One official at the Federation of Korean Industries said, "There must be an unwavering principle in both dismissing and reinstating workers. They cannot be reinstated as part of collective bargaining."

He said many of the dismissed workers are seeking court procedures which is the proper way to go. "Should the courts decide that the workers were illegally dismissed, then they should be reinstated."

Information compiled by KEF shows that some of the dismissed senior union workers, for whom reinstatement has been sought, were fired for reasons not related to union activities.

One chairman of a company union was dismissed after he was arrested on charges of drunk driving, while another was fired for embezzling company funds. Union workers are demanding the reinstatement of both.

Whether or not the precedent in the state-run companies will have a strong impact on the private sector remains to be seen, but for now the government appears to have surrendered to the dictum that there is strength in number and that rules are made to be broken, industry observers said.

Burma

Burma: Suu Kyi Accused of Employing 'Dictatorship' in Party

BK2406133696 Rangoon MYANMAR ALIN in Burmese 21 Jun 96 p 3

[Article by Di Haling: "It's Wrong"]

[FBIS Translated Excerpt] The underground movement, the UG, is the same as the Political Defiance, the PD. Terms such as nonviolence assault tactic, nonviolence interference, and confrontation are also used for the PD. These are designed to instigate the people to oppose the government in various ways.

The Western bloc employed PD tactics during the Cold War, which disintegrated the Eastern bloc led by the Soviet Union. PD tactics were also used in order to depose the dictators by the masses. Gene Sharp said the dictatorships in Estonia, Latvia, Lithuania, Poland, East Germany, Czechoslovakia, Madagascar, Mali, Bolivia, and the Philippines were disintegrated because the people defied the government by employing PD tactics.

He said PD tactics have paved a path of democracy in Nepal, Zambia, South Korea, Chile, Argentina, Haiti, Brazil, Uruguay, Malawi, Thailand, Bulgaria, Hungary, Zaire, Nigeria, and the former republics of the Soviet Union. He added that China, Myanmar [Burma], and Tibet are now facing the PD tactics.

In 1993, there were 75 fully-independent nations, 73 partially-independent countries, and 38 nonindependent countries. Thirty-one percent of 4 billion people of the world were not free, and Myanmar was not considered an independent nation.

The Myanmar citizens didn't say anything about the Cold War between the Western bloc and the Eastern bloc and they did not support either bloc as they did not consider it their business. Following the disintegration of the Soviet Union, the United States proclaimed that the Cold War was over, but the people have witnessed the escalation of the Hot War [sit pu taik pwe]. People have been hearing daily about the wars, the numerous killings, and the bloodbath in Eastern Europe.

The Cold War between the Western bloc and the Eastern bloc is over, but the worldwide Cold War is not. The Western bloc now regards China as its main target and has been waging a Cold War against it. As China's strength is something to be reckoned with, the Western bloc is alternating between tough and soft approaches with China. The Western bloc dares not employ tough tactics against China all the time. The Western bloc regards countries like Myanmar as small targets and will not use the soft approach. Now that the balance of power has been destroyed, the Western bloc doesn't have to care about anything. As a great policeman of the world, what it needs is to take action against someone.

If a thief want to steal something from a house then he needs someone from within that house to open a door for him. There must also be a disunity among the members of the house. It is a natural phenomenon for a thief to look for a disloyal member of the house. The neocolonialists, however, have made two big mistakes. First, they selected the wrong insider. Second, they were unable to analyze Myanmar.

They do not make these mistakes now. They made the same kind of mistakes in the past. [passage omitted on Arakanese resistance until 1853; Karen, Mon, and Burmese resistance in the Delta area in 1852-1854; people's refusal to accept rebellious Prince Naung Ok during the King Thibaw reign; repelling of the Kuomintang from Burma; and the disintegration of an exile group that emerged in 1969 and was supported by the West]

In 1988, the Western bloc selected well-trained Daw Suu. The Western bloc saw Daw Suu as a daughter of the national leader, as well-loved by the people because of her father's fame, as young, and an Oxford graduate. So if Daw Suu could lead all of Myanmar to join her, the Defense Service would disintegrate.

When people learned that a daughter of the national leader arrived in Myanmar they saw her as something unusual. The people had never seen her before. For a long time, she had no link with Myanmar. No doubt there were a lot people who went to see her as it was like the arrival of a nonpareil during pandemonium. It would be a great mistake if the person most concerned and the people behind the scenes presumed that this was public support for them.

Ma Ma [elder sister], you are a wife of a foreigner, Michael Aris. Not only did you not have contact with this country, but you did not have contact with the Myanmar embassies and Myanmar community abroad either. Everyone knows about the love affair between you and a Myanmar gentleman from a good lineage, while you were working at the United Nations and that the relationship came to an end when you changed for the worse. After this incident, you turned your back on the Myanmar community. You did not attend Independence Day celebrations when invited by the embassy. It was too much for you to lay a wreath on Martyrs Day to represent your father. Although you lived nearby, you did not attend the Independence Day for which your father strived.

These are your personal matters and the Myanmar people did not know about them.

Now Ma Ma is striving to establish a dictatorship by leading the Myanmar masses. Ma Ma, you shouted that you will destroy the dictatorship, but what are you doing within you own party? You are using dictatorship within your own party. Is that not so? Who are those people around you who are raising their hands and nodding their heads. They are dead political tigers. They have only tails, but no fangs.

It would be completely wrong to appoint a person like this to develop democracy in Myanmar. Myanmar will never accept a national traitor. Never, regardless of whose daughter she is. The prizes presented to her have become a waste. Myanmar people understand that the Nobel Peace Prize is meant for someone who stops war and strives to bring peace. The Myanmar people do not trust the presenter of the Nobel Prize, since the prize was presented to a person who is instigating wars and destroying peace. It is wrong.

Burma: Article Says Suu Kyi Seeking 'the Impossible'

BK2506134996 Rangoon MYANMAR ALIN in Burmese 21, 22 Jun 96

[Article in two installments by Ok Aw: "One Who Wants Only the Moon"]

[FBIS Translated Excerpt]

[21 Jun p 4]

[Passage omitted on Manle Sayadawgyi Badanta Zawana's written homily on how aggression leads to destruction, a teacher who disciplines his pupils with compassion, and a truly wicked person] One can see that Ma [title attached to the proper name of a female] Suu Kyi's group is systematically and daringly carrying out its plans, one after another, overtly and covertly, to create disturbances.

Ma Suu Kyi, you are wrong. Ma Suu Kyi, I present the above-mentioned homily as a gift to you. Ma Suu Kyi, this is Myanmar [Burma]. You were born here and lived here as a young girl; you also consumed the food and water of this land. There is a Myanmar [Burmese] proverb: Always express gratitude to someone who once fed you. Your grandparents were Myanmar, Your parents were Myanmar, and you also have Myanmar blood. I don't know whether you have become deranged and confused after marrying an Englishman, a foreigner from the Western Bloc. You should remember your birth place. It is not a good thing to forget one's roots. One must always remember to express gratitude for favors. You are living on Myanmar soil. When in Rome, do as the Romans. What happened to this proverb that now it is a glib expression from the West?

What I mean is that there are executive laws, judicial laws, rules and regulations, culture, traditions, and customs in the country, and that it is the duty of all the people living in the country to observe them. How are you going to explain this? We have existing laws in our country and you know about these laws. It is not good to oppose the government knowingly. [passage omitted]

She came to Myanmar not to get involved in the politics, but to look after her ailing mother. During the 1988 disturbance, the politicians dragged her into their group, debuted her as a leading actress on the political stage, and it has been going on since then.

I was thinking about the race that enslaved Myanmar. It was the English people. Which country enslaved Myanmar? It was Britain. Ma Suu Kyi married a man whose people and country enslaved Myanmar. So there is no reason to believe that a woman, who has no regards for her grandfather U Min Yaung or her father General Aung San, loves Myanmar. [passage omitted]

That is how the bamboo hat [Khamauk] group, the National League for Democracy [NLD], got its votes of support among the parties. The NLD received votes of support not because it deserved them. There were misappropriations. [hnat lone dwe par de].

Actually, it is not surprising that Ma Suu Kyi's group received votes. The group got the votes because of the regard for her father, Gen. Aung San. Some people had never seen her before, so they attended her public lectures to get a glimpse of her. They did not know about politics, but decided to vote for the bamboo hat group because she is a daughter of Gen. Aung San. It clearly shows how much people love and admire Gen. Aung San.

This is what I, as an ordinary citizen, have witnessed. These votes were not received as votes for Ma Suu Kyi. Ma Suu Kyi, you are an educated person. Your interference in Myanmar politics shows you are not Myanmar citizen. [myanmar naing ngan ye hmar win yauk swet phet neda har myanmar naing thar le mahoke taw bu] I am surprised to see that you are being used by the politicians. I don't want you to take advantage of the patient and magnanimity of the SLORC [State Law and Order Restoration Council]. The senior SLORC members regard you as their real daughter, while members your age regard you as their sister. They have tolerated and forgiven you for making offense remarks. Like patriotic Myanmar, they respect elderly people and people who are same age and have compassion for younger people. They also have six qualities of leaders and are also looking after Ma Suu Kyi. Ma Suu Kyi doesn't express gratitude with goodwill to the SLORC's patient and magnanimity. While criticizing and being negative toward the SLORC, she has been engaging in the destructive activities so as to gain power for the NLD. I think it is completely wrong.

Ma Suu Kyi, do not think that the pressure and instigation from BBC, VOA, and All India Radio are good. Some diplomatic groups are also violating the code of conduct of diplomats by interfering in the internal affairs of another country. A U.S. group is using Ma Suu Kyi as a bait. In brief, Ma Suu Kyi does not know that she has become a prey.

How can people like Ma Suu Kyi prove that they love Myanmar? Are they going to use the present engagement in politics as evidence to prove that they love Myanmar? Do you want be to like a famous actress? I remember the Hollywood actress, Marilyn Monroe, was used by the CIA. I wonder whether you are going to be like her now that you have the Noble Prize, as well as other prizes. You are going to destroy the show set up by the SLORC.

Since the beginning of the time, Myanmar has been a self-reliant nation that depended on its own efforts. It has never depended upon anyone. In accordance with the maxim: strength of the nation lies within, Myanmar is a country where the national brethren live amiably and together in will and woe. [passage omitted on the SLORC's national development work]

Due to continual efforts, a considerable success has been achieved at the National Convention — which also includes the delegates from the peace-attained armed groups in the jungle — to write a legislation for the emergence of a firm and enduring state constitution.

Ma Suu Kyi's group is envious of these achievements and is trying to destroy the stability and peace in the country while the internal minions, who rely on foreign elements, are trying to create a disturbance similar to the four-eight [8 August 1988] disturbance. I don't think it is good. Your attitude is: Either I must get want I want, or I will fight to get it.

[22 Jun p 4, 5]

We can never allow our country to be governed by a foreign power and be under servitude again. Whoever plans to destroy or betray the country, even if they are our own sons and daughters, is a destructionist and an enemy and we must annihilate them.

Ma Suu Kyi's prevention of tourism, investments, and financial assistance is a farce. You do not understand that we do not rely on other people. Have you, who had worked as a Burmese language researcher at the United Nations, ever studied Burmese history carefully?

It is clear what Captain Leslie G. Rathbun's [name published in English] article "Will Burma Become Another Bosnia?" [name of article published in English] from the 17 May 1996 issue of the Lee's Summit Journal [name of journal published in English] issued in the United States' Midwest Region [preceding two words published in English] is pointing at. Writing one's own view without carefully studying the real situation may appease Daw Suu Kyi, but not us. The Kalargyi [derogatory term referring to BBC] also blares it out in its evening program. The 3 May 1996 issue of the ASIAWEEK Magazine carried an article entitled: "Democracy Activist Suu Kyi Argues for Boycott" [article name published in English]. This means you are all involved in these destructive activities. Do what you like, we will not be getting up every time a dog barks, but we will always be alert. Do not think this is rudeness, I am merely quoting a Burmese saying.

Dear Ma Suu Kyi, in short, you have nothing to do with Myanmar because you are just a visitor. You did not come to Myanmar to deal with politics, but to nurse your ailing mother Daw Khin Kyi. You were later encouraged to dance on the political stage by a group of unscrupulous power-crazed politicians.

Do not try to become a popular lady. The SLORC has been very lenient in dealing with you and the people from your NLD, but you are adamantly using a confrontational role [preceding two words published in English] when dealing with the SLORC. You think that the SLORC dare not touch you and that if they do there are many people behind you who will confront the SLORC.

You are all very difficult people. Our country, which is not an anarchic state, has its own existing laws and you could be given the death penalty for treason, rebellion, and defamation. Have you forgotten the separation from your loved ones while you were in Insein Central Jail for acting as a hero? Even then the State magnanimously released you. Ma Suu Kyi was also put under restraining order and confined to her house instead of being put in jail. The SLORC generously met with her, but she took advantage of that and when her restrictions were lifted, she appeared at public gatherings and talked blatantly. You cannot deceive the people Ma Suu Kyi, they have learnt their lesson. [passage omitted on brief history of a patriotic Burmese lady and the dress code]

It is our national duty to annihilate overt and covert internal and external destructionists who create unrest and destroy the peace and stability.

Ma Suu Kyi, you have been very wrong and I am very surprised at you. You should have consideration for your father Gen. Aung San. The human rights and democracy that you have been constantly shouting and what you have been doing are quite the contrary. Ko Sein Win, Peter Linbin, Ko Thein Oo, Dr. Tun Lin, and Galonni U Karwiya had been against the Defense Services since the four eights [8-8-88] disturbances and "did not want the military to take over power," but were you all able to control the people when the country plunged into an anarchic state? [passage omitted on an 8-8-88 incident]

It is very funny that I am accused of being pro-SLORC. You all brand me as such, because you cannot mold me and I am not power- crazed like you. I am not the type who will always shake his head like a lizard or look at which side his bread is buttered. I have conscience and brains and I do not exploit politics. You have been to my humble abode — a hut. When you saw my situation you said "you are a very poor man, we will make you rich instantly." Then you said "we will give you a place in our NLD."

Ma Suu Kyi, you are very wrong, because I am not an opportunist. I am loyal to my country. The basic character of the Burmese is to love his country and its people, to be proud of our heritage, and to respect and defend our race. This could not be considered a narrow racist view. [passage omitted on historical comparison]

You all misunderstand the SLORC's good will. Dear Ma Suu Kyi, I am not personally attacking you or the NLD. The entire populace, including me, will accept any party and any government that is constructive for the country, but if it is destructive nobody will accept. I once read a book on political economics. It said, politics and economics are like fish and water. I think Ma Suu Kyi understands this. There is an English Proverb: "Mind your own business" [proverb published in English] meaning you can stay, but do not disturb anything. Do not say sarcastically that you are doing your job. What we mean is your permanent job. You know yourself best. Do not do the impossible. History cannot be camouflaged, nor forgotten.

I respect you as Gen. Aung San's daughter, but you are young and naive, while I been through many eras. You have abandoned Myanmar so what do you know about Myanmar? You tried to cause misunderstandings between the people and the Defense Services (SLORC) by instigating fabrications and creating unrest. You also want to smear the beauty of the country and engage in destructive acts. Do you think you can gain power by a shortcut? Rallies are being held throughout the country to endorse constructive acts and to denounce destructionists. You even protested these rallies were coerced by SLORC. You are all very silly people and take of to trouble [preceding four words published in English]. You can say all this because your group consists of former army officers, ex- party members, and other former employees.

All destructionists are our enemies and we must annihilate them. I am not a pro-SLORC person, merely an ordinary Burmese. I am positively presenting this to Ma Suu Kyi with genuine goodwill. I remember reading a story "Crying for the Moon" [name published in English] when I was a child. Since Ma Suu Kyi's group is trying to accomplish the impossible I will translate it simply as "One Who Wants Only the Moon".

Burma: Three ABSDF Insurgents Surrender in Mergui 28 May

BK2406165496 Rangoon Radio Myanmar in Burmese 1330 GMT 24 Jun 96

[FBIS Translated Text] Privates Maung Zaw, Htein Lin, and Than Tun U—who are 23-years-old, 24-years-old, and 18-years old, respectively—from the ABSDF [All Burma Students' Democratic Front] 1st Battalion have realized the State Law and Order Restoration Council's genuine goodwill and development works and have surrendered, together with one M-79 grenade launcher, five grenades, one AK submachine gun, one magazine, 50 rounds of submachine gun ammunition, one AK-47 automatic rifle, one magazine, and 20 rounds of AK-47 ammunition at the Mergui Garrison on 28 May.

Cambodia

Cambodian Officials: Kidnapped British Mine Expert 'Still Alive'

BK2506062596 Hong Kong AFP in English 0606 GMT 25 Jun 96

[FBIS Transcribed Text] Phnom Penh, June 25 (AFP) — A British mine clearance expert and his Cambodian interpreter kidnapped by Khmer Rouge guerrillas three months ago are still alive, officials said Tuesday.

News of Christopher Howes, 36, from Bristol, England, and Huon Hourth, has been sketchy since they were abducted in the northern province of Siem Reap in March, but the officials said the two are still being held in the rebel stronghold of Anlung Veng.

"They are still alive and still at Anlung Veng," said Siem Reap deputy governor Hem Bun Heng.

Similar information was given on Monday to the pair's employer, the British-based Mines Advisory Group (MAG), by a senior foreign ministry official during a public ceremony.

But with government mediators apparently unable to make direct contact with the kidnappers or the hostages, the details and accuracy of reports of their captivity remain unclear.

Rumours that Howes, a former British serviceman, is staying voluntarily with the rebels or is being used by the guerrillas to construct weapons have been dismissed by provincial officials, the British government and MAG.

The British embassy and MAG continue to decline comment on the matter saying they have no concrete information to report.

Howes and Huon Hourth were among 27 MAG employees kidnapped by gunmen with links to the Khmer Rouge on March 26 as they were demining a roadside pagoda outside the town of Siem Reap — home of the ancient temple complex of Angkor Wat about 315 kilometers (195 miles) northwest of Phnom Penh.

The others were released the same day after Howes refused to act as a ransom courier for the gunmen.

Though the Khmer Rouge have denied involvement in the abduction, villagers reported that Howes and Huon Hourth were then moved north and are now being held by the rebels at Anlung Veng, about 90 kilometers (56 miles) north of Siem Reap near the Thai border.

Cambodia: DPRK Invites Hun Sen for Official Visit

BK2506110496 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 25 Jun 96

[FBIS Translated Text] On the afternoon of 24 June at the office of the Council of Ministers Samdech Hun Sen, second prime minister, received His Excellency [H.E.] (Kim Yong-sop), ambassador extraordinary and plenipotentiary of North Korea, to the Kingdom of Cambodia.

Welcoming the ambassador, Samdech Hun Sen affirmed that the prompt appointment of H.E. (Kim Yong Sop) to replace the previous diplomat, who has returned to North Korea, and reflected on the attention paid by the Korean side to continue expanding and consolidating ties.

H.E. (Kim Yong-sop) conveyed to the samdech second prime minister greetings from the North Korean leadership to its Cambodian counterpart. He said that it is a great honor for him to be sent here as ambassador. He said he admired the Cambodian people for he has witnessed himself during his 40 days in Phnom Penh, and through the newspapers and television, their success in restoring and rebuilding the country and nation. These successes are due to the correct leadership of the Royal Government of Cambodia with leaders such as Second Prime Minister Samdech Hun Sen. He also informed Samdech Hun Sen about the situation in North Korea.

Samdech Hun Sen thanked the North Korean Government for the invitation to visit the country as either head of the government or head of the Cambodian People's Party. On the situation in Cambodia, the samdech second prime minister informed the guest that he is very happy at bringing about political stability so that economic development can take place. Samdech Hun Sen also expressed his hope that the current Korean Peninsula crisis would not result in war in Asia and that everything would be resolved through peaceful means.

Cambodia: Thai Prime Minister Addresses Investment Seminar

BK2506030296 (Internet) Ministry of Foreign Affairs of Thailand WWW in English 20 Jun 96

["Unofficial translation" of an address by Thai Prime Minister Banhan Sinlapa-acha at the opening of a seminar on Thai investment opportunities in Cambodia in Phnom Penh on 20 June]

[FBIS Transcribed Text] Excellencies, Distinguished Participants, Ladies and Gentlemen,

I am very pleased to preside over the opening ceremony of today's Seminar on Thai Investment Opportunities in Cambodia. I have brought several leading businessmen with me during my visit to Cambodia, because I wanted them to have the opportunity to see for themselves the investment climate in Cambodia. This is because the Thai Government believes that the private sector can contribute greatly towards the strengthening of economic relations between two friendly countries, particularly given today's borderless world.

It is well known that relations between Thailand and Cambodia date back several centuries. The similarities between our customs and cultural heritage as well as the close relations between our peoples have helped strengthen even further our bilateral relations, although, at times, we may have been pre-occupied with other issues.

Economic relations between Thailand and Cambodia have expanded rapidly over the years. Our volume of trade has increased from four billion baht in 1992 to twelve billion baht in 1995. This figure will increase even further if we include border trade figures, thus reflecting the true status of our economic linkages.

Investment is another significant economic activity to which both the Government and private sector of

Thailand attach great importance. During the period 1991-1993, Thai businesses invested in 88 projects in Cambodia, making them the largest single foreign investor here. During the past couple of years, however, Thailand has fallen to ninth place, with investments in only 21 projects, with an accumulative registered capital of thirty million US dollars. Most of these investments are in hotels, telecommunications, agro-industry, light industries, food processing, mines and power generation.

Many people have asked me why the Thai Government encourages and supports Thai business to invest abroad, even though Thailand herself continues to require foreign investment and today still competes aggressively with other countries in trying to attract foreign investment. The answer is simple. My Government believes that we should conduct a forward- and outward-looking economic policy. Indeed, co-operation with neighbouring countries cannot be fully achieved and will not be complete without co-ordination between our business interests.

I also believe that we have to help promote and support our private sector more efficiently and effectively. In this connection, the Board of Investment or BOI at its last meeting on 5 June 1996, approved the establishment of a Committee to Promote Thai Investments Abroad. This body will be responsible for formulating policies and strategies as well as measures to promote Thai investments overseas. I myself will chair this committee, which will also have as members representatives of the private sector. This committee will therefore be a mechanism to help support more effectively investments abroad.

As I have mentioned earlier, Cambodia is a very important investment destination for Thailand. The many agreements already signed between Thailand and Cambodia have helped create an atmosphere conducive to our joint activities. Although Thailand and Cambodia have already signed three agreements relating to investment, we do not yet have an agreement on the avoidance of double taxation. Once in place, this agreement will help reduce to a certain extend the tax burden to investors from both our countries. The Thai Government therefore attaches great importance to this issue and hopes that an agreement will be reached in the near future.

In closing, I sincerely hope that today's seminar will be of use and will provide participants will an opportunity to exchange views and ideas. I also hope it will provide an opportunity to Thai and Cambodian businessmen to discuss new ventures and business opportunities. I now have great pleasure in declaring open today's Seminar on Thai Investment Opportunities in Cambodia.

Thank you.

Cambodia: Australia Denounced for Training Phnom Penh Troops

BK2506075996 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 24 Jun 96

[Unattributed commentary: "Earlier Australia Behaved Like an Elephant and a Tiger; Now It Is Producing Rain and a Tempest in Cambodia. Is it Weak or Strong?"]

[FBIS Translated Text] An Australian commander recently opened a training course for the two-headed government troops to produce jungle warfare commandos in order to continue fighting against the resistance forces and the Cambodian people.

Australia has tried to cover up this matter, saying that it has not taken part in training the two-headed government troops; it is getting soldiers who were trained in Australia to do it. In fact, Australia is doing this itself. Therefore, Australia has got itself involved in the war in Cambodia one phase after another. However, it can be asked: Earlier, Australia and the alliance trained the two-headed government troops to be elephants and tigers; and now they are letting the two-headed government troops produce rain and a tempest. Are they weak or strong? The fact that Australia dare not admit that it is training the two-headed troops clearly shows that Australia is weak already.

To clearly confirm how weak Australia is we would like to point out the following.

1. Immediately after the election, the alliance, which includes Australia, pushed the two-headed government to attack the national resistance forces of Democratic Kampuchea and the Cambodian people in Stoung and Phnum Chhat with the hope of smashing the people's forces.

2. They went on to attack Anlung Veng and Pailin. However, they were seriously defeated; their forces and war materiel were destroyed.

3. Despite this serious setback they continued to pin their hopes on their attacks against the resistance forces and the Cambodian people. They prepared troops, artillery pieces, and small guns, tanks, and armored vehicles to attack Anlung Veng for the second time. This time around they were again seriously battered.

4. Since they failed in their second attack against Anlung Veng, they did not dare to return and instead told the

two-headed government that Anlung Veng cannot be attacked because it is against military strategy; the place is far away. So, the masters and the servants gave up.

Long Sopheap, commander of the operation against Anlung Veng, admitted this during the two-headed government troops' attacks on Malai-Sisophon-Poipet battlefield. He asked (In Sopheap), commander of the 11th Division, whether there were Democratic Kampuchea's forces in Anlung Veng or not. (In Sopheap) replied: No. Long Sopheap then said: If Democratic Kampuchea's forces were not in Anlung Veng, let me (?ask) you something, because those fighting in Anlung Veng are veteran fighters; they are very tough. You and I might have to flee in haste in tanks from Anlung Veng.

5. Since they did not dare to attack Anlung Veng anymore, communist Vietnam and the alliance told the two-headed government to attack Malai and Pailin because, in their view, the two battlefields are not far away. However, they were defeated more heavily than at any other times in the 18th dry season campaign on these two battlefields. Their troops, tanks, and artillery pieces were destroyed. This defeat was very serious; there were no troops left to fight.

In short, the alliance, including Australia, did their best to assist the two-headed government. Australian military advisers, trainers, miners, and all sorts of technicians were provided. Military and police personnel also assisted in intelligence gathering and radio communication. The two-headed government was helped from the beginning. However, it was seriously beaten right from that time.

Australia was beaten in the open war and is now organizing jungle warfare commandos. The water is reaching its nose; it needs to hold on to something in order to avoid being drowned. Jungle troops have been organized into small units and have carried out small operations; they are learning from Democratic Kampuchea's guerrillas. They are not coming to teach Democratic Kampuchea's army but to learn instead. These commandos have just started while Democratic Kampuchea's guerrillas are already well versed in the guerrilla warfare and the people's war. It looks as though these commandos cannot escape from Democratic Kampuchea's army.

It can be asked: Where do these commandos carry out their attacks? Clashing with the Democratic Kampuchea's guerrillas is one thing, but when these commandos encountered the entire people's force, stakes, stake pits, booby traps, crossbows, mines, and found that roads were blocked or cut, they discovered that they were just like deer or snails. They were smashed, just like the 911th Division of paratroopers; this unit was destroyed on the Sisophon- Malai and north Preah Vihear battlefields. The commandos of the 911th Division and their newly trained colleagues will certainly not escape the guerrillas and the Cambodian people. The latter are united and have at their disposal strategic weapons, stakes, stake pits, and innumerable mines. The commandos cannot escape, no matter how they crawl.

It should be recalled that the Australian forces training the commandos in the 911th Division of the two-headed government are the ones set up to annihilate Australia's original inhabitants, the Aborigines, who have become nearly extinct.

These Australians are murderers annihilating an entire race; they are now setting themselves up as a champions of human rights, liberal democracy, and freedom. They are demonic spirits.

Therefore:

1. Our guerrillas and people should be highly vigilant and not let these deer and snails into any villages;

2. They should be highly vigilant, at the front and in the rear, particularly in the rear;

3. They should be vigilant against spies;

4. Guerrillas, in cooperation with the entire people, should destroy old and new enemies. If these people are so clever, let the Australians and Sanderson come and try the poisoned stakes for themselves.

Indonesia

Indonesia: Scene Inside Besieged PDI Headquarters Described

BK2506013296 Sydney THE SYDNEY MORNING HERALD in English 25 Jun 96

[Report by Jakarta correspondent Louise Williams — received via Internet]

[FBIS Transcribed Text] After 22 days camped inside the headquarters of the deposed pro-democracy leader Megawati Sukarnoputri, the black-clad young man charged with securing the compound against Government troops thinks he knows his job.

Plain-clothes intelligence officers, said 29-year-old Ewald, are "recognisable by their manner and their attitude".

"You just know," he said of the "outsiders" who have tried to penetrate the compound in central Jakarta where hundreds of Ms Megawati's supporters remain holed up, surrounded by Government troops, armoured vehicles and police dogs.

The building is leased by the Suharto Government for one of only two small alternative parties permitted under Indonesian law, the Parti Demokrasi Indonesia (PDI). But with the ousting of Ms Megawati at a Government-backed rebel congress, her 1,000 or so supporters are now officially illegal tenants.

It is day four of the stand-off. Outside, the troops are sweltering, crouching around crates of drinks, their riot shields laid out in rows along the footpath, their impatient dogs tethered to fences. Inside, hundreds of student activists are singing and stomping with the collective bravado of youth.

The thick-set Megawati security officers, in their black fatigues, form a human barricade across the metal gates. Those loyalists permitted to enter slide past their sweaty forearms, past a large glass case half filled with money and with a cardboard sign reading "Democracy Fund" across its top.

"If there is an attack we will ask the people to occupy the building," said Ewald.

Already, he said, there is a month's supply of donated food stocked in the communal kitchen. Overnight, when many supporters leave and the crowd of curious passersby disperses, the headquarters is the most vulnerable, Ewald said. So a rotating group of several hundred, mainly young male students, find a patch of the grubby floor to stretch out on and await the morning.

Today the central corridor is sickeningly humid. Supporters jostle to read the newspaper articles from all over the world papering the walls. Most extraordinary perhaps is the editorial in today's Jakarta Post, an English-language daily subject to the same controls as the rest of the Indonesian press.

"Megawati may lose the chairmanship of the party, but it is now quite apparent that instead of having been delegated to the back of the stage, as the plotters had planned, she has been elevated to the centre stage of Indonesian politics and become a new 'informal' leader," it says.

"The unprecedented street demonstrations staged by thousands of Megawati's grassroots supporters in several cities in the last several days show that people are enraged by the contemptuous way in which she has been ousted."

Ewald said he had come to the headquarters as soon as the first moves were made against Ms Megawati. "I am not scared to be here," he said. "The only way we will get democracy is to support the (Megawati faction) PDI."

In the courtyard, scores of young men are gathered around the lunchtime music. They are all in their early 20s and will be first- time voters in next year's general elections.

"We believe Megawati has the support of the grass roots," one said. "Democracy in Indonesia is just a slogan, it is not working. We need to support Megawati." These students were not born when the then General Suharto overthrew Ms Megawati's father, President Sukarno.

The chaos and communal violence which accompanied his fall has long been used as a justification for social and political control by Mr Suharto's New Order Government.

But the young men said they were now ready to fight.

"We support Ms Megawati not because she is President Sukarno's daughter but because she is calm in the face of adversity," said one. "The young people are ready to fight the army for her."

Indonesia: Government Officially Recognizes Splinter PDI Camp

BK2506093696 Jakarta KOMPAS in Indonesian 25 Jun 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Lieutenant General Syarwan Hamid, chief of ABRI [Armed Forces of the Republic of Indonesia] Sociopolitical Affairs, said the government has officially recognized the PDI [Indonesian Democratic Party] central executive board formed by the party congress in Medan on 22 June. On this legal basis, the government will not recognize any rival PDI board.

Syarwan said the government hopes that the Suryadi-led PDI board will be able to solve its problems with the old PDI board led by Megawati in a peaceful and persuasive way in order to resolve the dual leadership issue.

Speaking to reporters after the opening of the congress of the Indonesian Development Cadres group at Jakarta's State Palace on 24 June, Syarwan Hamid said violent means will not solve problems and will only create new problems. "I believe the new PDI leaders will be able to sort out things with the old leadership," said Syarwan.

Meanwhile, Mulyono Sutarno, a leader of the PDI board created by the congress in Medan, said the Suryadi-led board will pay a courtesy call on the president, vice president, home affairs minister, and the ABRI commander. "We will submit a request for the audience as soon as possible," he told reporters in Jakarta on 24 June. The party will also quickly implement the work program adopted at the congress in Medan. "The work program includes the formation of a provisional list of PDI candidates for parliamentary seats," he said.

Commenting on the headquarters for the PDI board led by Suryadi, Mulyono said it will be housed at the Jalan [Road] Diponegoro [currently occupied by Megawati followers]. "As the government has officially recognized the Suryadi-led PDI board, it will, of course, have its own office. Therefore, it is the government's duty to help it reoccupy the office at Jalan Diponegoro," said Mulyono.

Government's Stand Regretted

Sutarjo Suryoguritno, a PDI executive from the Megawati camp, said he regrets the government's approval of the congress in Medan and its decision to support all resolutions passed by the congress.

He said the PDI will take legal action against those behind the Medan congress, despite the awareness that it may not win under the Indonesian legal system. "Winning or losing is not important to us, but we want to open the Indonesian people's eyes regarding the violation of the country's laws and the 1945 Constitution in the PDI case," said Sutarjo. Speaking in the presence of I Gusti Ngurah Sara, another PDI executive, Sutarjo only smiled when he was asked about the offer for talks or compromise by the Suryadi-led group.

Sutarjo said the Megawati-led PDI board is ready to ensure the success of the 1997 general elections and will soon submit its list of candidates for parliamentary seats in accordance with the existing legal procedure. If it turns out that the government ignores the list and prefers to accept the one submitted by Suryadi, it is feared that problems will be encountered during the 1997 general elections. [passage omitted on reaction to Medan congress in rural areas where Megawati still receives solid support]

Indonesia: Report Discusses Foreign Policy

MS2506111496 London FINANCIAL TIMES in English 25 Jun 96

[Report by Manuela Saragosa, incorporating remarks by Indonesian Foreign Minister Ali Alatas: "Ready for a Showdown": from the Financial Times Survey on Indonesia p 3]

[FBIS Transcribed Text] Despite Indonesia's sprawling size and a population which ranks as the world's fourth largest, many still regard the country an inward-looking nation with little international political weight. But this is a tag which Ali Alatas, Indonesia's energetic foreign minister, does not subscribe to.

"There was a period from 1968 until the beginning of the 1980s when indeed almost all our attention was directed towards economic, and social rehabilitation of the country," says Mr Alatas. "Now, on the contrary, we are being over-extended. I don't think [the description] applies any more."

Since his appointment as foreign minister in 1988, Mr Alatas has been widely credited with steering Indonesian foreign policy away from the dominance of the security-oriented military and creating a bigger, more pro-active role for the foreign ministry.

Under Mr Alatas, Indonesia has become a member of the United Nations Security Council, has spearheaded calls for a nuclear-free zone in the Pacific, headed the Non-Aligned Movement (NAM) for three years until January this year, played a pivotal role in the Cambodian peace talks, hosted South China Sea workshops to facilitate a solution to overlapping claims on the Spratly Islands and assumed a higher profile in regional trade agreements.

Nevertheless, the politically disputed territory of East Timor remains one of the most serious obstacles to Indonesia's international ambitions; wherever he goes, Mr Alatas is confronted with the issue. The former Portuguese colony was invaded by the Indonesian military in 1975 and annexed a year later, in a move condemned by the United Nations which still recognises Portugal as the administering power over the territory.

International human rights organisations regularly accuse Indonesia of violating human rights in the territory where local dissidence often erupts into bloody conflict.

Mr Alatas plays down the East Timor's impact on Indonesia's foreign policy. "It is a stone in my shoe rather than a big abscess as some people describe it. Sometimes it malies walking a bit difficult. If East Timor really has been such a dead weight could we have become a member of the UN Security Council and headed the NAM?"

Observers say the fact that Indonesia has been able to pursue a more active role in the international arena despite a dubious record on human rights is largely the result of the country's economic development and the growing political importance of the region which groups some of the world's fastest growing economies.

The Association of Southeast Asian Nations (Asean), which groups Indonesia, Malaysia, Singapore, Vietnam, Brunei, Thailand and the Philippines, has pushed its own free trade agenda and agreed to lower tariffs to a maximum of 5 per cent by 2003. "The cornerstone of our foreign policy will remain Asean. It is our neighbourhood," says Mr Alatas.

More recently, leaders of the seven Asean member states unanimously endorsed the expansion of the organisation's membership to include Burma, Cambodia and Laos.

With all 10 countries of the region likely to be incorporated into Asean before implementation of the Asean Free Trade Area (Afta), the grouping would become the largest free trade zone in the world, totalling more than 450 million people.

Despite protests by dissident groups in Burma and Cambodia — both increasingly politically unstable — Indonesia was among the Asean members advocating that internal political questions be ignored when considering entrance for new members.

"For a few years now, whenever Asean met with its dialogue partners we have had discussions on how to approach Myanmar [Burma]," says Mr Alatas, "Major [Asean] dialogue partners tend to want to apply sanctions or isolate it until it falls into line. We believe in Asean that such an approach will be counter-productive. We know Myanmar. They are part of our world. To now denounce Myanmar will not work. What will work is to quietly sit down with them and talk with them."

Cynics note that there are other interests at stake. The addition of Burma, Cambodia and Laos in Asean will expand the organisation to include all countries along China's southern border. Most Asean nations, some of which have overlapping territorial claims with China in the South China Sea, consider China their most immediate security threat.

Until recently, conflicting claims over the Spratly Islands in the South China Sea threatened to embroil Indonesia which had been hosting work shops between claimant parties to deflect tensions. Chinese maps started to show a dotted line which extended to near Indonesia's Natuna islands, the location of a giant gas field development between the US's Exxon and Indonesia's state-owned oil and gas company, Pertamina.

Mr Alatas says China has responded orally to a diplomatic note he sent to Beijing on the matter and that he is satisfied with the response.

"We got an assurance that if there ever was going to be a difference of opinion with regard to the seas between Natuna and the Spratly Islands, China would be prepared to negotiate such issues peacefully and on the basis of the International Law of the Sea Convention," Mr Alatas says.

"I welcomed that statement because we are confident that, based on the articles of the convention, there is no way that China's [claims] could so far south."

It is a sign of Indonesia's awareness of the southeast Asian region's growing political weight that Mr Alatas is confident Indonesia would win a vote in the UN General Assembly if the issue of East Timor were brought there. Backing it would be members of Asean and NAM where Indonesia has been actively pushing for a solution with the World Bank and-International Monetary Fund to the debt problems faced by 50 of the world's least developed countries.

"We're ready for a showdown [in the UN General Assembly] any time," he says. "We have the numbers and they [Portugal] know that. But we want a solution which is more or less durable and where no one feels a loser. East Timor is not going to pull Indonesia down in its activities in the world.

Laos

Laos: Joint Commission Established With Malaysia

BK2406132696 Vientiane VIENTIANE TIMES in English 14-20 Jun 96 pp 1, 2

[Unattributed report]

[FBIS Transcribed Text] Laos and Malaysia have formally agreed to establish a joint commission to further enhance bilateral trade and economic relations .

The memorandum of understanding was signed in Kuala Lumpur on June 4 by Lao Foreign Minister Mr. Somsavat Lengsavat and his Malaysian counterpart Datuk Abdullah Ahmad Badawi.

After the signing ceremony, Datuk Abdullah said the relations between the two countries have developed steadily, and contacts and exchanges of visits between leaders and government officials of both sides were on the increase.

Mr. Somsavat expressed hope that his meeting with the Malaysian foreign minister and other officials will further enhance cooperation, and will also help assist Laos in its preparation to join the Association of Southeast Asian Nations (ASEAN) next year.

In the field of human resource development, Malaysia agreed to help train Lao personnel in various sectors which will be important for Laos' future ASEAN membership.

Malaysia has agreed in principle to continue giving a scholarship in higher education in various scholastic disciplines.

Further, they discussed bilateral cooperation in economic, cultural, and scientific fields, and both sides affirmed that an agreement on trade and tourism cooperation would be signed in the future.

Appreciation of the increasing volume of Malaysian investment in Laos was also noted.

Both sides additionally decided that Malaysia Airlines would establish a direct Kuala Lumpur-Vientiane air route as early as July 1, this year.

While in Malaysia, Foreign Minister Somsavat Lengsavat also paid a courtesy visit to Malaysian Prime Minister Datuk Sri Mahathir bin Mohamad.

Laos: Foreign Minister Returns From ASEAN Conference in Malaysia

BK2106143796 Vientiane KPL in English 0937 GMT 21 Jun 96

[FBIS Transcribed Text] Vientiane, June 20 (KPL) — Foreign Minister Somsavat Lengsavat on 18 June returned home from Kuala Lumpur where he attended the ministerial conference of ASEAN and countries of lower Mekong basin held on 17-18 June.

The conference studied the cooperation principles and agreed on future regional cooperation between ASEAN and the countries of lower Mekong River basin and other related issues.

These principles are said to be significant for developing Laos' economy, communication, commerce, and investment. In addition, the decision at the conference will be useful for developing the communication system of the countries in the region.

This was the first time that ministers of ASEAN and of countries of lower Mekong River basin had their joint conference. The decision was initiated by the Malaysian prime minister at the fifth ASEAN Summit in Bangkok, in 1995. The initiative was aimed at upgrading cooperation between the seven ASEAN members (Singapore, the Philippines, Brunei, Indonesia, Malaysia, Thailand, and Vietnam) and four countries of lower Mekong River basin, namely Laos, Cambodia, Myanmar [Burma], and China.

Philippines

Philippines: Ramos Rejects U.S. Call for Tougher Stance on Burma

BK2406085696 Manila THE PHILIPPINE STAR in English 13 Jun 96 p 14

[Report by Marichu Villanueva]

[FBIS Transcribed Text] President Ramos is maintaining a "constructive engagement" policy on Myanmar [Burma] as he rejected the U.S.-led call for a tougher international stance toward the Rangoon government.

Foreign Affairs Secretary Domingo Siazon said yesterday that President Ramos is maintaining this "constructive engagement" policy, which is the official position of the Philippines and the Association of Southeast Asian Nations (ASEAN), of which it is a member.

Siazon said that the president's stand on the Myanmar case reflects the long-standing position of the Philippines on this issue.

"We maintain that constructive engagement policy because that's the ASEAN position and that's also the only way that it will work," Siazon said.

"We're like in a family, we can talk quietly, informally, you help them in developing their economy which helps. Because when you develop a country's economy, you help human rights because human rights are also as basic as the need to eat," he explained.

This was a day after two special envoys of U.S. President Bill Clinton met with President Ramos at Malacanang [presidential palace] as part of their Asian mission aimed at coordinating an international response to sanction the incumbent Rangoon government over its alleged human rights violations.

U.S. Embassy spokesman Bernard Lovejoy explained that the U.S. envoys, composed of retired Ambassador William Brown and Stanley Roth of the U.S. Institute for Peace, were on a mission "to take action to ward off violence and to promote mutual goals of democratization (and) respect for human rights" in Burma.

Philippines: Foreign Secretary's PRC Visit Detailed

BK2406085796 Manila THE PHILIPPINE STAR in English 10 Jun 96 pp 1, 18

[Unattributed report]

[FBIS Transcribed Text] Foreign Affairs Secretary Domingo Siazon, Jr. and Chinese Premier Li Peng have forged stronger bilateral links as the Philippines and China marked yesterday the 21st anniversary of their establishment of diplomatic relations.

Siazon, in his first visit to Beijing as foreign affairs secretary, also said Mr. Li assured him that China seeks to resolve all maritime disputes in accordance with the United Nations Convention on the Law of the Sea.

Siazon and his counterpart, Vice Premier and Foreign Minister Qian Qichen, agreed that the Philippines and China would continue cooperative activities in the South China Sea, especially on the areas of fisheries, environmental protection, and scientific research.

The two foreign ministers also reaffirmed the two countries' commitment to settle the maritime disputes in the Spratlys in accordance with international law and the UN Law of the Sea.

Siazon and Qian discussed this year's exchange of defense attaches and the grant of a $3 million military cooperation loan by the Chinese Government to Manila.

Siazon also delivered a letter from President Ramos to Chinese President Jiang Zemin inviting him to make a state visit to Manila immediately after the Asia-Pacific Economic Cooperation summit in Subic this November.

Jiang accepted Mr. Ramos's invitation, according to Siazon.

He said Chinese Vice President Rong Yiren agreed that the two countries forge stronger links in the banking sector due to its importance in future business growth.

Rong stressed that the Philippines and China, being developing countries, need to cooperate in all fields, including trade, investment, and science and technology as he sited the fact that Philippine-China trade had increased dramatically the past two years.

Rong added that Beijing would try to improve the balance of trade between the two countries and increase investments in the Philippines.

Siazon arrived in Beijing last Wednesday with a business delegation that included Metrobank Chairman George S.K. Ty, who is also Siazon's adviser on China affairs, and Dr. Charles Chante, PHILIPPINE STAR board member and columnist.

Also with them were Cebu Gov. Pablo Garcia, who forged a sister- province accord with his counterpart from Hainan, and Presidential Assistant for the Visayas Rhett Pelaez.

Ty said Metrobank is applying with the Chinese Government for the establishment of a full branch in Shanghai.

The Filipino delegation reiterated the Philippine Government's support for China's early entry into the World Trade Organization.

Philippines: Manila's Ties With China Said 'Excellent'

BK2406085596 Manila THE MANILA CHRONICLE in English 11 Jun 96 p 4

[Editorial: "Stronger RP [Republic of the Philippines]-China Ties"]

[FBIS Transcribed Text] The newspapers reported yesterday the successful visit of Foreign Secretary Domingo L. Siazon to Beijing. We are glad about the report because despite the conflict between the two countries on territorial and possibly, ideological issues, they have found a way of maintaining a responsible and mature relationship.

For one, Siazon and China's foreign minister Qian Qichen, have agreed to continue cooperative activities in the South China Sea where the two countries are locked over a dispute inherited from history. The two officials, according to reports, have specified these activities as engaging in mutually beneficial projects in the fields of fisheries, environmental protection, and scientific research.

Second, is in the field of bilateral economic cooperation. Aside from previous business and trade arrangements, the Chinese side has agreed to forge stronger ties in the banking sector. Mr. George Ty, chairman of the Manila-based Metro Bank and a companion of Siazon in the Philippine delegation must be happy these days for he can now look forward to having a branch in either Beijing, Shanghai, or Guangzhou—three cities leading China's economic development.

Third, the two countries have agreed to exchange defense attaches, a delicate issue that the two sides have not touched until the Siazon visit. They even went further as to agree that Manila would now receive a $3 million military cooperation loan from the Beijing government. Perhaps, it would not be long before the Philippines can buy cheap arms from China for the modernization of the Philippine Armed Forces.

From these three points alone, and there are many other specific agreements in the visit, we can say that the ties between the two countries are excellent. This, despite the presence of longstanding irritants like the Spratlys, the expressed Philippine concern over perceived Chinese bullying in the Taiwan Straits, and the trips of Philippine officials to Taiwan.

We predict that our relationship with the Beijing government will continue to be a challenging aspect of our foreign policy. There will be times when we have to criticize China for its tendency to flaunt power as in the case of President Ramos rightfully criticizing the nuclear test.

But overall, we have to have a constructive engagement with China because this power is a reality that we have to accept in the Asia-Pacific region.

Philippines: ABAC Official Comments on Infrastructure Focus

BK2506105396 Manila PNA in English
1058 GMT 24 Jun 96

[Received via Internet]

[FBIS Transcribed Text] Manila, June 24 (PNA) — Decent public housing for the Philippines and other developing member economies of the Asia-Pacific Economic Cooperation (APEC) forum is one of the priority areas that the region's top chief executive officers (CEOs) have decided to lend their expertise to.

Gordon Wu, managing director of Hopewell Holdings Ltd. who was named chairman of the Infrastructure Committee during the first APEC Business Advisory Council (ABAC) meeting last week said, "We have also seen that some of the Asian economies, notably Hong Kong and Singapore, have done remarkably well in public housing. I'm sorry to say that Manila is terrible in that so many percent of the city population live in squatter areas. That's why we have identified public housing as one of the important areas."

Wu said his committee has decided to focus on four categories of infrastructure namely, energy and power; telecommunication and transport; water supply and treatment; and housing and environment.

"All of these are very important if any economy wants to grow and sustain its growth," Wu said.

He added: "What we intend to do is put together the wisdom of a lot of the members, put their views together, and try to finalize the report and submit it to the leaders."

The 18 APEC leaders will meet with ABAC members on Nov. 24 in Manila, the day before they hold the fourth summit in Subic.

Wu was one of the 44 CEO's who participated in the first ABAC meeting held at the EDSA Plaza Shangri-La last June 14-16.

ABAC was formed to provide advice in implementation of the Action Agenda issued by leaders in the past three summits and to respond when various APEC fora request for information about business-related issues or for the business perspective on specific areas of cooperation.

APEC is composed of Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand, and the United States.

World Bank has estimated that the infrastructure needs of APEC economies would amount to $1.3 trillion.

Wu said there is a great need for mass transport to alleviate the traffic jams which come with the rapid urbanization of the many big cities in the region.

"In order to have mass transit as a means of alleviating the traffic jams, we need to spend a lot of money and efforts. This is where the private sector can come in," Wu said.

Wu said a lot of countries have engaged the participation of the private sector in meeting their energy and telecommunications needs. But the development of water and transport infrastructure "would probably need a lot of (public) subsidy."

Wu's Hopewell Holdings built the $933-million, 700-megawatt power station in Quezon. It has also entered into a $17.63-million joint venture agreement with the Philippine National Construction Corp. to extend and upgrade a major highway in northern Philippines.

Philippines Official Voices Support for SRV APEC Membership

BK2506053396 Manila BUSINESS WORLD
in English 25 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Philippines wants Vietnam to join the 18 member economies of the Asia Pacific Economic Cooperation (APEC) forum this year now that the Hanoi Government has formally applied for full membership in the nascent economic grouping.

Foreign Affairs Undersecretary Rodolfo Severino said the government will support Vietnam's membership bid in APEC in light of its membership in the Association of Southeast Asian Nations (ASEAN), which is supposed to be the core of APEC.

"Of course we are supportive of Vietnam's (entry in APEC). But we also have to consider the decision of the other APEC members because the organization is governed on the basis of consensus," Mr. Severino told BUSINESS WORLD.

Vietnamese Foreign Minister Nguyen Manh Cam recently sent a letter to the Philippine Government, chair and host of the APEC summit meeting this November, expressing Hanoi's desire to join the grouping.

A high-ranking foreign affairs official who requested anonymity said it is "very likely" that Viet6am will be accepted in APEC this year as the grouping's senior officials are inclined to lift the moratorium on membership when it expires this November.

"I'm almost certain Vietnam will be admitted (in APEC) this year," the official said.

Although APEC officials are still divided over the lifting of the moratorium, a number of APEC members are supportive of the other economies seeking membership in the grouping.

Among the countries which have already expressed interest in joining APEC include Russia, India and Mongolia.

APEC imposed a three-year membership freeze in 1993 during its ministerial meeting in Blake Island, Washington.

Philippines Police Suspect 'Foreigners' Plotting in Zamboanga

BK2406082596 Manila TODAY in English 12 Jun 96 p 3

[Report by Ben Blin Gregorio]

[FBIS Transcribed Excerpt] Zamboanga City — Eleven foreigners, suspected to be members of an international terrorist organization, are reportedly plotting to carry out bomb attacks and assassinations in this city, a police intelligence report here disclosed.

The report revealed that the foreigners, who were not named, are Pakistanis and Iranians who are in constant contact with young Filipino Muslims at a mosque in this city. The foreigners are allegedly indoctrinating the youths to carry out the plans any time.

Their targets are vital installations, commercial establishments, and top government officials here, the report said.

These foreigners, whom government agents are closely monitoring, have recently visited camps of the extremist Abu Sayyaf in Basilan and Sulu.

The Moro Islamic Liberation Front (MILF) was also earlier reported to have deployed hit squads to assassinate government intelligence agents in Western Mindanao and in two provinces of the Autonomous Region in Muslim Mindanao (ARMM).

Police are also on full alert for some 300 MILF members who are poised to carry out bombings in this city this month.

The first report disclosed that an eight-man MILF liquidation team has been mobilized to kill military and police intelligence agents in this city while another MILF contingent is closely monitoring their targets in the provinces of Zamboanga del Sur and Basilan.

Other MILF liquidation teams have also been mobilized to assassinate government agents in the ARMM provinces of Sulu and Tawi-Tawi.

Chief Supt. [Superintendent] Teddy Carian, Western Mindanao regional police director, ordered the police here to be on full alert and be extra vigilant against the MILF threat.

The report said that the hit squads are poised to strike any time.

The alert was ordered following confirmation of another arms landing in Basilan. The firearms were reportedly intended for the assassination operations.

An intelligence report disclosed that Basilan MILF commander Hamsa Sapantun and several followers arrived on board two motorized outriggers loaded with high-powered firearms and ammunition. The group arrived from Cotabato and docked at barangay [village] Lakit, Tipo-Tipo Town in the province early on May 23.

On the alleged MILF plot to carry out bomb attacks, police said the rebels are now deployed in strategic areas of this city and are casing their probable targets.

Their targets include gasoline stations, government places, and commercial establishments, the reports disclosed.

The reports added that the rebels are clandestinely manufacturing bombs to be armed in their places of targets.

A ranking MILF commander, whom reports did not identify, will supervise the bombing operations, the reports said.

The MILF, a breakaway faction of the mainstream Moro National Liberation Front (MNLF), had said that it would abide by the peace agreement between the government and the MNLF to end the decades-old Moro rebellion in Mindanao.

However, the MILF said, it would resume hostilities against the government if the peace talks fail. [passage omitted]

Philippines: Senator Objects to Proposed Southern Peace Council

BK2506051796 Manila BUSINESS WORLD in English 25 Jun 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Senate yesterday put a damper on prospects for peace in Mindanao as a solon [legislator] said it will block any budgetary allocation for the proposed Southern Philippines Council for Peace and Development (SPCPD).

Senator Ernesto Maceda, chairman of the committee on finance, said "I do not see how we can provide a budget for the southern Philippines development council which appears to be another layer of the government and would be another expensive bureaucracy in that area."

Both the government and the Moro National Liberation Front (MNLF) panels are now rushing the implementation of the government-proposed SPCPD which was seen as a breakthrough in the peace talks. Mr. Maceda said there are existing laws regarding the Autonomous Region of Muslim Mindanao and the different regional centers of Mindanao duly covered by reorganization laws, the Local Government Code as well as the different city charters.

Philippines: Officials React to Agreement With MNLF

BK2506014096 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 24 Jun 96

[FBIS Translated Text] Congresswoman Maria Clara Lobregat has revealed that the people of Zamboanga were not consulted on the establishment of the SPCPD [Southern Philippines Council for Peace and Development] for the MNLF [Moro National Liberation Front]. She likewise announced that residents of Zamboanga and other Muslim regions will oppose the SPCPD. According to Senator Ernesto Maceda, it is unfair for local leaders to be placed under the rule of the SPCPD.

Meanwhile, the president has started to assemble the resources needed by the SPCPD. MNLF Chairman Nur Misuari has expressed confidence that the SPCPD will hasten Mindanao's development.

The government panel for the peace talks in Mindanao has expressed confidence that they can resolve all remaining issues. One issue is the integration of MNLF troops into the Armed Forces of the Philippines and the establishment of a regional police force. According to Presidential Management Staff chief Alexander Aguirre, the demand that the 20,000-strong police force be placed under the Southern Philippines Council for Peace and Development headed by MNLF Chairman Nur Misuari and not under the PNP [Philippine National Police] will not be easy to implement.

Thailand

Thailand: 'Source' Says Panel Found No Evidence for U.S. Drug Charges

BK2306131596 Bangkok KRUNGTHEP THURAKIT in Thai 23 Jun 96 pp 1, 2

[Unattributed report]

[FBIS Translated Excerpt] The political situation has reached a turning point as a clearer effort is being made to resolve the conflict within the Chat Thai Party by inviting Thoet Thai faction leader Narong Wongwan to take a post in the Cabinet. Prime Minister Banhan Sinlapa-acha has made an appointment with key members of the Chat Thai Party to discuss the issue on Wednesday, 26 June at his residence on Charan Sanitwong Road.

The party's key member was blacklisted earlier by the United States, which confirmed that it may affect relations between Thailand and the United States if the Thai Government appoints this person to a post in the Cabinet. However, the public hearing committee has reportedly reached the conclusion of its examination of the U.S. charges against the two Thais—Watthana Atsawahem, deputy leader of the Chat Thai Party, and Narong Wongwan, chairman of the advisory committee to the Chat Thai Party—and will submit a report on the conclusion to the prime minister on Monday, 24 June.

"The subcommittee has gathered information on the issue and has already reached a conclusion on the charges. It is now preparing to present its recommendation to the higher-level committee on Monday, 24 June, for further deliberation before a final decision is reported to the prime minister on a later occasion," the informed source said.

According to the report, the conclusion is as follows: The United States accused the two persons of involvement in the trade of illegal goods, and it therefore denied them entrance visas. The United States also said it will affect relations between Thailand and the United States if the Thai Government appoints the two persons to the posts of Cabinet ministers.

The prime minister appointed a public hearing committee to consider these accusations. The deliberations were based on the accusations made by the United States, the information obtained from the accused, and the information received through the cooperation requested from the U.S. Drug Enforcement Agency.

"Regarding the information gathered concerning the U.S. accusations against the two Thais, the United States has no evidence to support its accusations, which were only made verbally. Therefore, there is no reason to believe that the two persons committed the wrongful acts for which they are accused," stated an informed source in the public hearing subcommittee.

Prasit Khowilaikun, spokesman for the public hearing committee and a member of the public hearing subcommittee, admitted that the committee will submit its conclusion to the higher-level committee on Monday, 24 June for final deliberation before the final recommendation is presented to the prime minister. The prime minister has the full authority to decide what to do next, including the decision on whether or not to report it to the public, the spokesman added. [passage omitted]

Thailand: Drug Panel 'Has Yet To Clear' Accused Politicians

BK2506065396 Bangkok BANGKOK POST in English 25 Jun 96 p 7

[Unattributed report]

[FBIS Transcribed Text] A panel looking into American drug allegations against Narong Wongwan and Watthana Atsawahem has yet to clear the Chat Thai figures.

Pricha Champarat, secretary to the so-called Enquiry Commission, denied yesterday the Government-appointed panel had already ruled in their favour.

The panel was set up last September by Prime Minister Banhan Sinlapa-acha to look into American charges that Mr Narong, a Chat Thai adviser, and Mr Watthana, the party deputy leader, dealt in drugs.

Mr Narong and Mr Watthana have been denied entry visas to the US and could not join the Banhan administration until they were cleared.

There have been questions, however, about the credentials of the panel set up by Mr Banhan, who leads Chat Thai.

The work of the panel came to a halt after Thanat Khoman, the former foreign minister and Democrat leader, resigned as chairman late last year.

Mr Pricha, secretary-general of the Office of the Narcotics Control Board, said a subcommittee under his panel had still been open for additional information but none had come.

Mr Narong, if cleared, would not use that ruling to press for the Interior portfolio, said Deputy Interior Minister Anuson Wongwan, his son.

Mr Watthana and Mr Narong were top contenders for that post, currently held by Mr Banhan.

Mr Anuson denied the panel was set up to clear the way for his father to join the Cabinet but rather to ensure justice for politicians facing similar charges.

Insisting there had been no political interference in the investigation, he said his father has never set any conditions with Mr Banhan.

Members of Mr Narong's Thoet Thai faction have said his appointment to a Cabinet post would ease tension in Chat Thai caused by Mr Banhan's refusal to expel Phalang Tham.

The faction was angry at Phalang Tham for abstaining in the censure vote against former deputy interior minister Suchat Tancharoen, a key member of Thoet Thai.

Thailand: Supreme Commander Seeks Border Talks With Burmese

BK2306103496 Bangkok THE SUNDAY NATION in English 23 Jun 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Supreme Commander Gen Wirot Saengsanit has called on leaders of Burma's ruling military junta to visit Thailand for higher-level boundary talks in a bid to break the current deadlock in the northern boundary dispute.

Wirot said he has conveyed an invitation to [Senior] Gen Than Shwe and Gen Maung Aye through a Burmese delegation led by Southeastern Commander Maj Gen Ket Sein, which was here earlier this week for a meeting of the Thai-Burmese joint border committee.

"I asked (the delegation) to convey the message to Gen Than Shwe and Gen Maung Aye that if possible they should come to Thailand to discuss the business themselves," Wirot said.

Burmese Premier Than Shwe visited Thailand last December to attend the Fifth Asean Summit in Bangkok.

Wirot said last week's talks, held in the northern Thai town of Phitsanulok failed because Thailand could not yield to Burma's demand to acknowledge in writing that the Doi Lang ridge and Ban Huai Ha areas were in Burma.

"How can we do that? The Thai people would condemn us.

"So let's leave it that way for the time being," the Thai supreme commander said.

The presence until February this year of Khun Sa's Mong Tai Army in the disputed zone formed a buffer zone for both countries, leaving the disputed ownership of Doi Lang ridge — which is between northern Thailand's Chiang Mai province and northeastern Burma's Shan state — untouched for decades.

The senior army officer said he believed Burma would not be receptive to Thailand's proposal for troop withdrawal by both sides from the areas, although they said they would consider it.

"The Burmese said that despite the absence of Khun Sa's military force, the area is still plagued by drug trafficking. (They said they) would later consider the Thai proposal when the situation improves," the officer said.

Wirot downplayed the impact of failed talks on the border situation.

"We do not have problems with maintaining troops there (without causing tension). Only, we think it wastes millions of baht each year to keep the troops there just to protect the land. Don't you think it would be better to withdraw the troops on both sides?" he asked.

Several thousand Burmese and Thai troops have been face to face along the ridge since the start of the year, when guerrillas loyal to opium warlord Khun Sa handed control of their side of the border to Burmese troops following his surrender.

Lt Gen Thanom Watcharaphuk, commander of Thailand's Third Army Region, said that at the end of the meeting on Friday disagreement over Doi Lang prevented any other matters from being settled.

Large parts of the Burmese side of the border have been controlled by anti-Rangoon guerrillas for decades. Border disagreements have begun to surface as Burmese government forces gradually gain control of more of their frontier territory.

Thai Prime Minister Banhan Sinlapa-acha visited Rangoon in March to try to improve the often strained relations between the neighbours.

Thailand: Leaders Comment on Cambodian Log Export Deadline

BK2406040696 Bangkok THE NATION in English 24 Jun 96 p A3

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Thailand is likely to ask Cambodia to extend its deadline for 18 Thai logging firms to transport logs across the border that were cut before April of last year, Foreign Minister Amnuai Wirawan said yesterday.

The Cambodian government signed a deal in January giving 19 Thai firms until June 30 to export the logs following a logging ban issued in April 1995.

Prime Minister Banhan Sinlapa-acha said he, as interior minister responsible for permitting border openings for logs, has found that only BLP Co Ltd has acquired the necessary documents to import the already-felled logs from Cambodia.

Under the established regulations, the firms have to ask Cambodian officials to accompany them to where their logs are to register their place of origin in order to ensure that they are not newly cut, and to check the quantity of the logs as stated in their concessions.

The Thai Interior Ministry would then issue logging passes to the firms to import them into Thailand.

"On my table, among many firms asking for the opening of passes for their logs, only one company has the required documentation. Why the 18 other companies have failed to do the same, I don't know maybe their logs are newly cut," Banhan said.

Some companies, passing a screening from the National Security Council (NSC), have failed to attach the necessary documents, stating the reasons being that their logs were in Khmer Rouge- controlled areas, Banhan said, without mentioning the guerrillas by name.

Banhan's comments, which were made during his recent trip to Cambodia, is seen as confirmation to a series of reports that the Khmer Rogue can survive years of fighting with the Cambodian government by living off the income from the sale of gems and logging with Thai companies .

"Thai side has not yet informed the Cambodian government about the extension as they want to see how many companies can meet the deadline," Amnuai said recently.

Some non-governmental organisations [NGO] have criticised the concessions as contradictory to the ban while the Cambodian government argued that the logs to be exported were cut down before April 30, 1995.

The concessions were granted because the Cambodian government wanted to collect revenue from the exports and it did not have enough money to transfer the logs from each area to Phnom Penh. Some NGOs have expressed concern about possible corruption in collecting the revenue from the logging exports, which is estimated to be a large amount of money.

Banhan said the total amount of the logs claimed by the Thai companies asking for access across the border has exceeded the one million cubic metres allowed under the concessions.

Agreed upon during Banhan's visit to Phnom Penh was the setting up of a joint working group to oversee the import and export of logs, which Banhan said was to minimise the criticism of foreign NGOs. The NSC will be in charge of coordinating with the Cambodian government.

NSC head Gen. Charan Kunlawanit has said that those in the working group will be responsible for inspecting the logs within their own territory only and would not be allowed to inspect logs in each others' country.

Thailand: Banhan 'Meant Well' by Cambodian Mediation Effort

BK2406034596 Bangkok BANGKOK POST in English 24 Jun 96 p 1

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha said he meant well by getting his feuding Cambodian counterparts to hold hands.

Mr Banhan said there was nothing wrong with the gesture and he doubted co-premiers Hun Sen and Prince Norodom Ranariddh would not settle their differences by taking up arms.

The gesture, which came during Mr Banhan's visit to Phnom Penh, had been seen as a diplomatic gaffe given the uneasy relations between Mr Hun Sen and Prince Ranariddh.

Returning from Cambodia on Friday, Mr Banhan said he was inspired to act to help the feuding parties reconcile their differences.

Prince Ranariddh took a different view. He told international news agencies Mr Banhan's brand of mediation had made him uncomfortable and unhappy.

But Mr Banhan said his gesture was simply a reflection of concern among ASEAN leaders about the poor relations between the leaders of Cambodia as it prepares to join the grouping.

Problems in Cambodia were not as serious as some foreign news reports had suggested, he said, and the conflicts were normal in a democratic society.

Mr Hun Sen and Prince Ranariddh had assured Mr Banhan they would bury the hatchet, said Mr Banhan.

"I feel very happy to hear this because this will be beneficial to Cambodia's trade and investment climate," he added.

Thailand: Canadian Firm Seeks Removal From Arms Purchase Blacklist

BK2206111196 Bangkok BANGKOK POST in English 22 Jun 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Hawkeyes Intertrade has written to Supreme Commander General Wirot Saengsanit urging him to remove the company from an arms purchase blacklist.

The Canadian firm, which was accused of distributing leaflets attacking the Supreme Command over an allegedly suspect deal to buy armoured cars from the French firm Giat Industries, is fighting to clear its name.

Company president Phonsak Phithakphunsin said in the letter, dated June 19, that he was deeply sorry to learn in the Tuesday edition of the BANGKOK POST that the Supreme Command had blacklisted his company. He maintained it was being made a scapegoat in the leaflet controversy.

"I, on the company's behalf, would like to offer our assurance that we are innocent. My company had nothing whatsoever to do with the distribution of the leaflets," Mr Phonsak stated.

He appealed to Gen Wirot for justice, saying his company has come a long way in establishing itself as a successful arms dealer and never did anything to damage the reputation of the Armed Forces.

Having gone to great lengths to praise Gen Wirot, Mr Phonsak said his company would not dare and has no reason to turn against the Supreme Command as it still shares business interests with it.

"I'm willing to swear before all sacred objects that my company played no part in issuing the leaflets that attacked the Supreme Commander," he said, adding they were the work of a third party who wanted to destroy his firm's creditability.

But Gen Wirot said one letter did not carry enough weight to get the company taken off the blacklist. The leaflets had greatly tainted the reputations of all sides involved.

Having rejected Mr Phonsak's request for a personal meeting, Gen Wirot said he would withdraw his support for the proposed purchase of a military jet from the company.

The company must do whatever it takes to show the public that it is not responsible for the leaflets.

The supreme commander said he was not sure if the company was telling the truth when it claimed the leaflets were produced by a third party.

Thailand: Editorial Backs 'Asian Candidate' for UN Secretary General

BK2506035596 Bangkok THE NATION in English 25 Jun 96 p A4

[Editorial: "The Time Has Come for an Asian Candidate"]

[FBIS Transcribed Text] United Nations Secretary-General Butrus Butrus-Ghali's bid for another term is causing tension within the organization, and this can subsequently have severe ramifications as far as relations between the member states are concerned. History shows that getting a new chief has always proven to be difficult for the UN — an undertaking that requires brinkmanship and common sense on the part of all those involved in the effort.

However, Butrus-Ghali might find it difficult to stay on, especially when considering the strong opposition voiced by the US. Washington had said its decision was "irrevocable", stressing that it was concerned with the lack of reforms in the UN as well as the perceived inability of the world body to perform more effectively. While the US has avoided directly criticising Butrus-Ghali, everyone knows that its permanent representative to the UN, Madeleine Albright, is not on good terms with the UN chief. Therefore, it is safe to assume that the US will exercise its veto power as a member of the UN Security Council.

Many qualified people

But Butrus-Ghali remains hopeful of convincing the US to change its position within six months, given the fact that he is supported by most of the developing world.

He has also received encouragement from Arab countries, whose leaders expressed support for him during their recent summit in Egypt. He is also seeking support from Latin American and Asian countries.

The problem is that Asia has its own candidate. It has been more than 25 years since U Thant took the top job in the UN. And today, there are many qualified people who just might be considered as candidates for secretary-general. Anan Panyarachun, Tommy Koh and Ali Alatas are just a few people whose abilities and integrity are known.

No one in Asia at the moment, though, is more recognized and has the same reputation as that of Sadako Ogata of the UN High Commissioner for Refugees. Ogata is known for her efficiency and good management skills, which have enabled the UNHCR to play a prominent role in addressing the crises on refugees around the world.

Support of China

It would also be a good idea for Asian countries to endorse a candidate who is acceptable to all first before submitting a nomination to the Security Council for consideration. As such, the support of China could be secured. The only Asian country in the council, it will play a crucial role should anyone from Asia become a candidate. In case it is Ogata, Beijing's support would, needless to say, come at a price for Japan.

The council will decide soon if the next UN chief will come from Africa or Asia. It is hoped that their decision will lean towards Asia, which has the world's most dynamic economies. In the last five years, Butrus-Ghali has had his chance and, unfortunately, he has done little to improve the situation. Allegations that the UN is merely a bloated bureaucracy, with its members lacking confidence, will now be used by those opposed to his renomination.

The issue of the next UN head must be settled as early as possible. Otherwise, this might make UN members stray from their primary objective — that of to reform the UN and make it a better world body that will be responsive to the new demands of the post Cold War era.

Thailand: 'Reluctance' of ASEAN Members To Join KEDO Noted

BK2506052896 Bangkok THE NATION in English 25 Jun 96 p A4

[Article by Kawi Chongkitthawon: "ASEAN States Reluctant To Join KEDO"]

[FBIS Transcribed Text] Last month, Indonesia became the first ASEAN country to join the Korean Peninsula Energy Development Organisation (KEDO), whose members include the US, South Korea, Japan, Canada, New Zealand, Finland and Australia.

Jakarta's decision might further influence, and eventually lead to, ASEAN joining KEDO as a group in the near future after their initial reluctance. Tokyo, Seoul and Washington have been lobbying ASEAN relentlessly to support KEDO both financially and politically.

At first, the ASEAN countries were thinking of contributing a one-time lump sum to serve as funds for the organization. But somehow no agreement was reached by them. Later on, they pledged to make financial contributions to KEDO individually.

Singapore was the first ASEAN country to respond to KEDO's request for financial assistance. Last year, Singapore gave US$300,000 (Bt [baht] 7.5 million). It was followed by Indonesia and Thailand, both of which gave the same amount. The Philippines will soon be giving $150,000, which it pledged last year. Other ASEAN countries such as Brunei and Malaysia have contributed either money and oil.

Early this year, the foreign ministers of the US, Japan and South Korea moved one step further by writing a joint letter to their ASEAN counterparts, urging them to join KEDO. They expressed hope that members of ASEAN will join KEDO to be able to carry out its objective of trying to rid North Korea of its nuclear potential.

Choi Young-jin [name as published], deputy executive director of KEDO, told The Nation recently that ASEAN's financial and political support is important to the success of KEDO. He added that ASEAN is an influential and reputable regional grouping. "Any support from ASEAN would be highly-appreciated," Choi said.

He said the ASEAN Regional Forum (ARF) has discussed the situation in the Korean Peninsula during the last two meetings. At the next ARF meeting in July in Jakarta, the problem will be top of the agenda again. Therefore, he pointed out that it was crucial for ASEAN to comes to grips with the complexity of the problems in this part of the world.

Joining KEDO would enable ASEAN to follow up on its programmes and activities closely. In the long run, it would enhance ASEAN's understanding and role in the peace process in the peninsula, Choi noted.

He added that ASEAN's support for the four-party peace proposal, announced by US President Bill Clinton and South Korean President Kim Yong-sam in April this year, would also contribute to the eventual peace process that aims to reduce tension and increase economic exchanges in the peninsula.

In the case of Indonesia, analysts said that its decision to become a member of KEDO was aimed at boosting its international image. Indonesia, they said, is always in the forefront of the international arena, especially on the issue of nuclear non-proliferation. Furthermore, as Southeast Asia's biggest country, Jakarta wants to continue playing a leading role in the region.

In addition, peace and stability in South Korea is imperative to economic growth in Indonesia as South Korean businessmen invested more than $8 billion there last year.

"Any disturbance in the Korean Peninsula would certainly affect the investment in Indonesia," said Jusuf Wanandi, co-chairman of the Council for Security Cooperation in the Asia Pacific.

Jusuf, who also served as chairman of the board of the Jakarta- based Centre of Strategic and Security Studies, said since all ASEAN countries support the nuclear nonproliferation treaty, joining KEDO would be a positive contribution from ASEAN. He hoped that all of ASEAN would one day join KEDO.

Thailand has made its policy clear that it is ready to give political support to KEDO individually, or as part of ASEAN. But Bangkok is not willing to share in the financial burden that will result from such a commitment.

Like Thailand, other ASEAN countries have also shown similar attitudes with regards to the implications of joining KEDO, particularly to the financial costs involved. And although ASEAN realizes the importance of KEDO in promoting inter-Korean dialogue, its members are not ready to provide financial support on a regular basis.

KEDO was established in March 1995 by the US, Korea and Japan to implement the light-water reactor project in North Korea.

Besides ASEAN's members, some 20 countries and organizations have contributed about $50 million to KEDO. It would require an addition $4 billion to finance the construction of the reactors and the implementation of related programmes.

However, the US, South Korea and Japan have expressed disappointment over the insufficient contributions of Asian countries, which they also say has come in trickles. They reiterated that KEDO was very crucial to maintaining peace and stability in Asia.

KEDO would need at least $50 to $60 million annually to be able to provide 500,000 tonnes of heavy fuel oil to North Korea, which has agreed to freeze its nuclear programme.

It is likely that push will turn to a shove before ASEAN joins KEDO. But this will probably happen only if membership is not linked to any future financial commitment. If such is the case, the amount of contributions from ASEAN nations could be determined on a case-by-case basis.

Thailand: Editorial Views 'Price' of Being Regional Auto Hub

BK2206134796 Bangkok THE NATION in English 22 Jun 96 p A4

[Editorial: "Becoming the Regional Auto Hub Has Its Price"]

[FBIS Transcribed Text] There was much euphoria over the recent decision by US-based General Motors Co, the world's biggest automaker, to invest US$750 million (Bt [baht] 17.75 billion) in a car plant in the Eastern Seaboard. As a result, GM will become the 12th auto company to have either an assembly or manufacturing plant in Thailand, which is destined to become the regional auto hub.

As such, car plants in Thailand will be producing vehicles for countries in Southeast Asia. In turn, this will create a significant number of jobs here, spur the growth of the domestic car parts manufacturing industry, complement the transfer of technology and provide business opportunities for related services. Economic planners are already seeing auto exports as a means of strengthening and/or diversifying the process of industrialization in the country.

Another positive point will be increased investments in the integrated upstream industries such as petrochemicals and steel. Japan, which dominates the regional auto business, is planning to make a big investment in the establishment of a steel complex — also on the Eastern Seaboard — to serve the demand of car body makers.

All of these plus factors must, however, be seen in the same light as its negative counterparts that could result because of the concentration of investments and jobs in automobiles.

First is the nature of the business itself, which is dominated by a handful of multinational companies. Thailand became a regional hub partly because of the globalization of the auto business. This means that the country and the workers in the auto and related industries will be subject to volatile situations that could erupt in the business world. Both the United States and Europe as well as Japan have experienced hard times, particularly when the market was down. One need not be reminded on the social and economic problems that beset Detroit, Michigan, the centre of the U.S. automaking industry, when decreased demands and increased production costs led to mass layoffs of auto workers. Therefore, Thailand could be in for some uncertainties now that it has assumed the distinction of being the front-runner in the race to become a regional auto hub.

The second concern is that the export of vehicles regionally does not guarantee success in this industry. Despite the attempt of the World Trade Organisation to dismantle tariffs and quotas on auto imports, the global auto business is far from being free. And besides, both Indonesia and Malaysia have aspirations of promoting their own auto industry. This is underlined by their preference for a "national car". China and the countries in Indochina will certainly not let the car companies flood their markets easily. The road is far from rosy despite the competitive edge that Thailand may have in terms of manufacturing costs.

The third concern is the decision of governments in many capital cities around the world, and especially in the region, to limit the number of cars plying their streets at certain hours to prevent the traffic and pollution problems from getting worse. Manila, Jakarta, Kuala Lumpur, and Singapore have already implemented new rules and regulations on this. Bangkok is likely to follow suit and it is probably seeing a slowdown now in car purchases because there aren't simply enough roads for all of them. This aspect should not be overlooked.

The investments made by car companies in Thailand to make it a regional auto assembling and manufacturing hub is part of the globalisation process. But globalization is often accompanied by uncontrollable forces that can have an impact on a country. Foreign exchange and stock market volatilities are prime examples. The concept of sunrise and sunset industries is another. The automobile industry is just one among others whose special feature is that it continues to be dominated by a limited number of companies. Thailand should be aware of the negative points, particularly the fact that it is unlikely to be able to control its destiny in the development of the auto business.

The tariff restructuring scheme under the AFTA [ASEAN Free Trade Area] will help hasten the development of Thailand as a regional export hub. But carefully drawn-up traffic and pollution measures will play a vital cog in mapping the direction of the auto industry. There is the risk of further deterioration in the current account deficit before the export success is realised as new auto plants come up. It is important to know the fundamental limitations. Thais certainly cannot buy all the cars about to be made in this country and cannot go on building roads and highways to accommodate more cars.

The danger signs are there. For one thing, the world aims at seeing fewer cars on the road. However, supply is still rising.

Thailand: Minister Vows 'Quick Action' To Help Exporters

BK2506064196 Bangkok BANGKOK POST in English 25 Jun 96 p 17

[Report by Somphon Thapphanchai]

[FBIS Transcribed Text] Quick action will be taken to reduce problems facing exporters, according to Deputy Prime Minister Amnuai Wirawan.

The export development committee yesterday cited the need for tariff reductions, speedier value-added tax refunds, and less paperwork.

The government would speed up its efforts, said Dr. Amnuai, who also chairs the committee.

The committee noted that not only Thailand, but also China, Taiwan and South Korea saw their exports slow down in the first quarter of this year, partly because economic growth had eased worldwide.

Imports by the United States increased by 5% in March and April compared with 17% in the previous two months.

The government would continue to aim for lower interest rates on loans to help small and medium-scale exporters, Dr. Amnuai said.

The export promotion department will study Thailand's markets before outlining its strategy because there have been rapid changes, especially with the ASEAN Free Trade Area and Asia Pacific Economic Cooperation group.

The problems will also be discussed today by the economic stabilization committee.

Finance Minister Bodi Chunnanon said the Bank of Thailand's claim that lower interest rates would fuel inflation lacked weight.

He wants the rates reduced in steps while the impact on exports is assessed.

The need for the reduction was explained to central bank governor Wichit Suphinit last week, Mr. Bodi said.

Initially the lending rate currently 11.75% should be reduced by 0.25-0.5 percentage points, with the impact seen in a couple of months. If it boosted exports, further cuts should be considered, he said.

The reduction will soon be proposed to the national economic policy committee which makes the final decision.

Despite the slowdown in exports, the Commerce Ministry remains confident they will reach the target of 1.605 trillion baht this year, judging by sales for the first six months.

The first half-year would account for 45% of the whole target with exports for the second half making up the balance as usual, Commerce permanent secretary Somphon Kiatphaibun said.

Unofficial figures showed exports in April would increase by 6-7% on those for the same month last year, with 10% rises likely for May and June, he said. This would arrive at the 45% figure.

Usually, exports for the first half of any year made up 45-47% of the target, with those for the second half exceeding 50%.

This would see growth of more than 200.49 billion baht this year, giving overall growth of 14%, he said. This compared with 266.908 billion baht last year.

Exports in the first quarter were 348.603 billion baht, up by 6.1% on those for the same period last year, although those of agricultural products dropped by 4.7% to 56.625 billion baht.

Sales of six major agricultural products — rice, rubber, coffee, and frozen shrimps, chicken and squid — dropped because of smaller supplies and lower prices on world markets. But tapioca exports improved.

Mr. Somphon noted that export figures for last year might have been inflated by alleged fraud involving "fake" exports to obtain value-added tax refunds.

If Thailand could reach its export target this year, the country's trade deficit would account for 12% of its total grade, a normal level when compared with past records, he said.

Thailand: Central Bank Report on Export Situation Noted

BK2406151496 Bangkok THAI RAT in Thai 24 Jun 96 p 8

[Report by the 'Economic Team']

[FBIS Translated Text] On 17 June the Bank of Thailand's technical department issued a report reviewing the export situation for the first four months of 1996. It will soon publish a half-year report on the same subject. The report notes the factors that contributed to the acute decline in exports during the four-month period, including the export cycle, labor cost, shortage of skilled labor, decrease in market demand, as well as the affected products.

Exports for the First Four Months of 1996 — Decline in Every Product Category

1. Exports for the first four months show a trend of continuing decline. Exports during the period totaled 458.150 billion baht, an increase of only 8.7 percent over the same period of the previous year. This increase was lower than the expansion achieved during the first and last four-month periods of the previous year — 28.2 and 20.5 percent respectively. Exports of industrial products in the first four months of 1996 expanded 10.4 percent, agricultural products expanded 3.8 percent, while marine products declined 16.6 percent compared with the same period of 1995.

(Note: The latest survey, reported on 19 June, by the Commercial Statistics Center with cooperation of the Customs Department showed that the products worst affected by the decline were clothes, at 23.6 percent; shoes and shoe parts, at 31.5 percent; and frozen shrimp, at 20.4 percent. The rice export expanded only 0.2 percent.)

2. Factors causing acute decline in exports:

2.1 Demand by the major trading partners in Asia, such as ASEAN countries, Indochina, Taiwan, and Hong Kong, dropped significantly compared with the previous year. The decline in exports to the United States continued from the previous year.

2.2 There was strong competition in labor-intensive products — such as clothes, shoes, and toys — particularly from countries that pay lower wages such as India, China, and Indonesia. Thailand also faced a shortage of skilled labor required to boost value of its products. These factors put Thailand at disadvantage against its competitors in markets that favor cheap as well as high quality products.

2.3 The drop in supply of such products as shrimp, fish, and cuttlefish contributed to the decline in export of canned seafood and fish products.

2.4 The export prices during the four-month period dropped, particularly the price of agricultural and fish products.

3. Export structure:

3.1 The expansion of industrial product exports declined compared with the last four-month period of 1995 from 25.8 to 10.4 percent. Electronic goods, including computer parts and electrical circuits, achieved the biggest growth at 53.3 percent. These products, however, did not earn big value-added income for the country since their components have high import content. While labor-intensive products, such as clothes, toys, and shoes, had high value added ratio, their exports declined. The export of clothes declined 16.1- 23.6 percent, shoes declined 29.0-31.5 percent, toys declined 16.3 percent, and canned seafood dropped 8.3 percent.

The export of agricultural products increased only slightly from the same period of 1995, attributed to stable rubber price in global commodities markets and drop in exports of rice caused by floods. Export of frozen chicken to Japan decreased due to competition from China and big Japanese stock.

The export of marine products declined 16.6 percent, attributed to drop in export of shrimp. The supply of cuttlefish declined due to lower catches.

ASEAN countries remained the biggest markets for Thai exports at 19.9 percent, but the expansion of these markets dropped from 33.7 to 11.6 percent in the first four months of 1996. Exports to Singapore declined at the largest rate. This was attributed to the drop in textile, shoes, and plastic product exports. Exports to Japan and the United States declined at the next largest rates. The decline in exports to the United States continued from last year, involving such products as canned fish, canned pineapple, textile products, plastic products, toys, frozen shrimp, and coffee bean. Although exports to Indochina, China, Taiwan, and Hong Kong were relatively good, they also suffered a decline from the previous year.

Conclusion and Observations

The decline in export in the first four months of 1996 was rapid after having achieved 20 percent expansion in the last two successive years. The situation must be given importance and close scrutiny by the government to analyze whether the cause is the drop in general world demand or local factors in order to instruct agencies concerned to find appropriate and timely short-term as well as long-range remedies so that the situation will not add further pressure to the trade deficit and current account deficit pictures which are gradually improving.

Export Picture Compared With Other Major Exporters in Asia and the Pacific

The Thai export expanded at a larger rate than China and Hong Kong, but at lower rate compared to Indonesia, Taiwan, Singapore, and Malaysia. In any event, export expansion of these countries is not that high and some countries have shown trend toward a decline in the past few months. This shows that the overall world economy may not expand at the anticipated rate.

Thailand: Banhan Asked To Assess Performance as Prime Minister

BK2406141096

[FBIS Report] Three Thai vernacular dailies, KRUNGTHEP THURAKIT, NAEO NA, and THAI RAT, on 24 June carry editorials calling for Prime Minister Banhan Sinlapa-acha to accept his failure in administration and to opt for a democratic solution in order to save the country from worse economic troubles.

KRUNGTHEP THURAKIT's 800-word editorial on page 2, entitled: "It Is Time for Banhan To Clean House and Eliminate the Thoet Thai Faction from the Chat Thai Party," says that political squabbling in the Chat Thai Party has left Banhan with no time to tackle national problems, particularly economic woes. In May, he was forced to remove members of the Thoet Thai faction from his cabinet because of their corrupt image. Yet the cabinet reshuffle created an even wider rift in the party and has seriously shaken government stability.

"Instead of leaving the situation as such, Prime Minister Banhan should be bold enough, once and for all, to get rid of the Thoet Thai, or Group 16 faction from the Chat Thai Party," the paper urges. Banhan and several other cabinet ministers will be the targets of attack by the opposition's censure when the parliament reconvenes in July. The current rift within the Chat Thai Party would thus put the coalition at great risk. The prime minister cannot wait any longer, he must solve the conflict within his party since it has already shaken the government's stability and affected national economy. The editorial does not specify what the prime minister should adopt as a measure.

In its page-3 editorial, NAEO NA refers to an analysis by Thammasat University Lecturer Thirayut Bunmi who believes the downfall of Banhan's government is approaching. The 700-word editorial, entitled: "Loss of Credit," quotes Thirayut Bunmi as saying that the days of the "manager of group interests" are numbered. Politicians in his party are acting like hooligans. Banhan was no longer capable of managing those interests and was being abandoned by his own men. Those politicians are trying to grab what they could during their remaining days.

Citing the case of the Bangkok Bank of Commerce as evidence of massive corruption, the paper adds that at the international level Prime Minister Banhan made another blunder when he was criticized by Cambodian Co-prime Minister Prince Ranariddh for interfering in Cambodia's internal affairs during a visit to Cambodia a few days ago. With all these negative images, the editorial says: "We deem that the time is right for the prime minister to reevaluate his performance and find an appropriate solution for himself."

THAI RAT's page-3 editorial, "Self Assessment," also suggests a similar line for the prime minister. The 700-word editorial underlines Thirayut Bunmi's description of Banhan — "not a government leader, but rather a manager of interests groups in the Chat Thai Party." For Thirayut, what happened at the Bangkok Bank of Commerce was a "serious crime of politicians robbing the country and people," and, he points out, "the government leader could do nothing to guarantee justice to the people because interests groups in his own party are involved."

Serious inflation, rising prices, the current account deficit, a negative image of financial institutions and stock market, and a serious drop in exports are the outcome of an administration whose image is poor and whose team of economic administrators are just the "amateurs." Before making the situation worse, the editorial says "the prime minister is advised to opt for a democratic approach and find his way out instead of biding his time day by day."

Thailand: Column Says Political Situation To Heat Up in Oct

BK2506135896 Bangkok THAI RAT in Thai
25 Jun 96 p 5

[From the "Changing Wind" column: "Why October?"]

[FBIS Translated Text] The analysis entitled "The Shop Manager Has Lost His Credit" by Thirayut Bunmi, a former student leader in the 1973 October uprising to demand democracy, has received the considerable attention of political situation observers who are bored by the current government, particularly its unqualified members. A point in Thirayut's analysis that appeals to me is the passage: "Banhan and General Chawalit will be able to shore up the government until October, possibly even until March, when the people's faith will decline to rock bottom, when Chawalit's New Aspiration Party [NAP] will desert the ship." If Thirayut is not among the core leaders of the NAP, he must know exactly what Gen. Chawalit is thinking.

As a reporter who gathers information, I have received similar significant information about "October" and "March" but have hesitated to write anything about it. Now I want to expand on the significance of October.

Political observers must have heard about the report that Gen. Chawalit wanted to be the sole author of the annual military reshuffle, which must be completed by September. It happens that officers holding all five top senior posts in the armed forces will reach mandatory retirement age at the same time this year. They are: Gen. Phaibun Emphan, defense ministry permanent secretary; Supreme Commander Gen. Wirot Saengsanit; Army Commander Gen. Pramon Phalasin; Air Chief Marshal Siriphong Thongyai, commander of the Air Force; and Navy Commander Admiral Prachet Siridet.

The political issue that arises is that it is certain that all five branches of the military will become a main power base for Gen. Chawalit if Banhan allows Gen. Chawalit to monopolize the whole military reshuffle list. The prime minister's seat, therefore, is within easy reach of Gen. Chawalit. Even as the "shop manager who has lost his credit," Banhan can clearly see the implications of such a situation. This explains the recent report that Banhan intended to invite Supreme Commander Gen. Wirot to become defense minister and move Gen. Chawalit to head the Interior Ministry. It is common knowledge in military circles that Wirot and Chawalit belong to different military cliques and Wirot has Banhan's confidence. Subsequently, Chawalit reportedly reminded Wirot that he might be duped.

The above developments lead political analysts to believe that the political situation will heat up in the couple of months preceding October as the result of an expected squabble between Chawalit and Banhan over the military reshuffle list. With a skillful tactician on military power balance like Gen. Prem Tinsulanon as adviser, Banhan is not likely to allow Chawalit to have a free hand in the appointment of all five top senior posts. This is because the prime minister post is at stake in all of this.

If Banhan allows Gen. Chawalit to monopolize the appointment of all five military posts, it is certain that Gen. Chawalit will be in the strongest political position in October, with the support of those five officers and his NAP. Chawalit can accomplish with ease any change he wants to make in the government or prime minister. Politicians from all camps will flock to Chawalit in the hopes of joining the government or becoming his political allies in the next election.

Thirayut's analysis, therefore, is not to be dismissed as unfounded, which several inept cabinet members have been doing by their rebuttal. It is a fascinating and profoundly based analysis. The political situation is certain to heat up after the budget bill is approved by parliament. Keep your ears and eyes open.

Thailand: Experts Recommend 'Intensive Care' for Economy

BK2406035096 Bangkok BANGKOK POST in English 24 Jun 96 p 17

[Unattributed report]

[FBIS Transcribed Text] A boost for exports and tourism is urgently needed to speed up Thailand's economic growth, according to a prominent businessman and an academic.

The economy is seriously ill and requires intensive care, according to Wirachai Techawichit, chairman of the Thai Chamber of Commerce's economic committee and Dr Somchai Phakkhaphasawiwat, a share market analyst and university lecturer.

Foreign financial institutions had been warned to avoid business just now in Indonesia, Taiwan and Thailand, Dr Wirachai said.

Dr Somchai added: "We face many economic problems, but the worst is a lack of confidence. The government should start with this first. I see no point in creating confidence in politicians because it is unlikely to work, but the government can still increase confidence in the economy."

A strong team with policy-making powers should boost exports and promote tourism because these were the quickest foreign-income earners, they agreed.

The government will today discuss three steps to ease restrictions on exports: lift value-added tax [VAT] on imports of raw materials for use in manufacturing exports, speed up the return of VAT refunds, and allow importers to use bank guarantees for their goods.

Wirachai said his chamber and 40 presidents of major trade and industry associations agreed these steps would be enough for now to boost exports.

VAT was partly to blame for the slowdown in exports as it had hindered some sectors particularly gems and jewelry, he claimed.

The industry has an average margin of 2 percent hinging on substantial exports. But manufacturers of exports are required by law to place a guarantee VAT of 7 percent to ensure the imported raw materials are reexported. Reclaiming the guarantee takes a long time and creates cashflow problems.

The same problem affects shrimp farms and the livestock industry.

But India does not charge import tax or VAT on imported feed, enabling its shrimp exports to flourish.

The government's push for lower interest rates to stimulate the economy would not help as much as it hoped, the two critics said.

Dr Somchai said high interest rates were only a small part of the economic problem which was a chain reaction.

"Thailand spent too much during the past boom. Now it faces a current account deficit, inflation and declining cost competitiveness. The drop in interest rates will certainly come by market mechanisms. To force the rate down will further stoke inflation and economic problems will worsen next year," he said.

Exports had increased by an average of 20 percent annually for many years. Although they were expected to increase by 18 percent this year, the rise for the first four months was only 8.6 percent, reflecting the country's declining competitiveness.

If this trend continued, the government would be short of revenue at a time when it was planning a 16-percent budget increase to 960 billion baht for next year, Dr Somchai said.

"This country needs to find a proper way to increase saving. It is good to see the import restriction on Thais travelling abroad, and controls on credit for non-productive sectors. But the government itself should also reduce spending or its budget will record a big deficit next year," he said.

Thailand: Prime Minister Views Problem of Illegal Immigrants

BK2406034296 Bangkok THE NATION in English 24 Jun 96 p A2

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha said yesterday that Thailand's illegal immigrant problem would be solved when its neighbouring countries came up with a workable national development policy.

At a ceremony marking the release of 1,119 illegal immigrants from Burma, Laos, Cambodia and other countries to celebrate the 50th anniversary of His Majesty the King's Accession to the Throne, Banhan said efforts were being made to solve the problem of illegal workers.

"Currently there are a lot of people who have entered the country illegally or have violated immigration laws, especially from Burma.

"The problem of the illegal movement of immigrants comes about because those countries do not have a good national development structure. The problem will be solved once these various countries establish such a structure," he said.

Ranhan said the resolution of the National Security Council (NSC) to reduce the sum which employers pay as a guarantee for their foreign workforce was underway and the Labour Ministry was considering issuing temporary permit papers to allow the employment of foreign workers.

Parliament is also considering an amendment of the law to allow the employment of foreign labour in the fishing, construction and other industries, which has been requested to enable Burmese labourers to work on Thai fishing boats in some coastal provinces.

Banhan said employers must cooperate with the government and truthfully report the number of foreign workers on their payroll so the authorities could keep track of the workers' whereabouts.

He said the Bt [baht] 5,000 guarantee had been the main reason behind the lack of honest reports of foreign labourers employed because some employers used such workers on a short-term basis, usually between five and 10 days, and did not think the fee was worth paying.

Therefore, in order to keep track of the number of foreign workers, employers must be encouraged to inform the authorities, he said.

The premier's daughter Kanchana yesterday said a meeting between the NSC and other related agencies had concluded that the guarantee fee for foreign workers should be reduced from Bt5,000 to Bt1,000, thus reducing the burden on employers.

Banhan has ordered the purchase of computers and related equipment to examine passports and help keep records and personal data of those entering Thailand.

He said the release of illegal immigrants, once their country of origin responded positively to their repatriation, would help Thailand increase its prison space and save on the cost of accommodating and feeding the immigrants who normally serve nine- to 10-month prison sentences.

Kanchana also encouraged the private sector, NGOs [nongovernmental organizations] and the various public welfare divisions to employ those released and reduce the responsibility of the Immigration Police Bureau.

Vietnam

SRV: NHAN DAN's Editorial Hails 'Arafat's Visit

BK1906132796 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 18 Jun 96

[FBIS Translated Text] Welcoming the visit to Vietnam by the president of the State of Palestine, today's issue of NHAN DAN carries an editorial entitled: "Solidarity and Support for the Brotherly People of Palestine." Part of the editorial states:

As close friends of the people of Palestine, our people understand the difficulties and obstacles being faced by the people of Palestine. We admire the staunch and persevering combat spirit of the Palestinian people, and wish to express our solidarity with them.

Our party, government, and people have repeatedly asserted our consistent policy of support for the struggle for just causes of the Palestinian people and the leadership of the Palestinian Liberation Organization. We sincerely appreciate the valuable support from the Palestinian people for our people both in the past and currently. We are delighted with the consolidation and development of the relationship and cooperation between our two countries. We highly value the desire of President 'Arafat for further cooperation with us in the field of economics, science, and technology although our friends still have to face countless difficulties. This is a vivid indication of the solidarity and time-tested friendly relations between the two peoples of Vietnam and Palestine.

We wish the visit to Vietnam by President 'Arafat and other distinguished Palestinian guests a great success.

SRV: Le Duc Anh, Yasir 'Arafat Speak at Hanoi Banquet

BK2506024296 Hanoi NHAN DAN in Vietnamese 20 Jun 96 p 4

[FBIS Translated Text] President Le Duc Anh hosted a grand banquet at the presidential palace on the evening of 19 June in honor of the high-level delegation from the State of Palestine. Comrade Nguyen Khanh, Comrade Nguyen Manh Cam, and other leading comrades also attended.

In his welcoming speech, President Le Duc Anh said:

On behalf of the Communist Party of Vietnam and the state and people of Vietnam, I warmly welcome Your Excellency 'Arafat, president of the State of Palestine, and all the Palestinian friends now on an official friendship visit to Vietnam. This sixth visit to Vietnam by your excellency, the president, demonstrates the convictions and the close and friendly relations between the leaders and people of our two countries.

As a close friend of the Palestinian people, the Vietnamese people have always monitored the Palestinian people's just struggle with profound regard. As always, we will support the Palestinian people's just struggle to regain their sacred national rights, including the right to self-determination and the right to set up an independent Palestinian state.

We welcome the convening of the Middle East Peace Conference and various Arab-Israeli talks on the basis of Resolutions 242 and 338 of the United Nations Security Council and on the principle of the "land for peace" deal. We highly value the agreements already reached between the PLO and Israel, especially the agreement on the right to self-rule for the Palestinian people in the Gaza strip and on the West Bank of the Jordan River; we regard this as a positive step on the path toward reaching a fair and reasonable solution to the Middle East issue, opening up the prospect for solving the entire Arab-Israeli problem and thereby bringing about lasting and durable peace for the region.

We are convinced that despite the various difficulties and obstacles still to be encountered, the Palestinian people's cause— led by your excellency, the president, and with the sympathy and strong support of the peace- and justice-loving people in the world—will certainly be crowned with final victory.

We are very pleased to note that the unity and the friendly and cooperative relations between Vietnam and Palestine, fostered by the two peoples over the past several decades, have constantly been consolidated and developed. We are firmly convinced that this visit to Vietnam by your excellency, the president, and the delegation of the State of Palestine will contribute to tightening and improving the current fine relationship between the peoples of our two countries.

In his reply, President 'Arafat said:

On the occasion of this meeting, on behalf of the Palestinian people, the Palestinian Liberation Organization, the Palestinian national administration, and on my own behalf, it is an honor to express my high appreciation and sincere gratitude to the friendly Vietnamese people, the stable Vietnamese Government, and your excellency, the president, for the traditional hospitality that you, friends, have once again accorded to us. This reflects the close and lasting friendship between the great Vietnamese people and the Palestinians—who will be grateful forever for your fraternal sentiments and constant support.

I avail myself of this opportunity to reiterate that our Palestinian people greatly admire and highly value the wonderful achievements recorded by the Vietnamese people under the clear- sighted leadership of your excellency, the president. The past few years have witnessed a host of important achievements on Vietnamese soil, thanks to the policies and lines of the party and government of Vietnam. These policies and lines have been condensed into two slogans—"Renovation" and "Construction." It is to be hoped that these fruitful achievements will bring about ever-greater progress and prosperity for the heroic Vietnamese people. These things are all the fruit of the fight of the Vietnamese people in the past and their struggle during peace-time for national freedom and dignity and for economic progress and prosperity.

On the occasion of this important meeting, I would like to reaffirm that the bilateral and friendly relations between our two peoples and two governments are durable ones. After many years of promoting cooperation and mutual understanding and struggling to bring about peace and legal rights for various nations and to drive away occupation, oppression, and destruction, the friendly relations between our two peoples have constantly been consolidated. Today our two peoples are elated with the fruitful achievements that they have gained in their just struggle for independence and freedom. Having come to your glorious country from Palestine, a country that is still in an initial stage of liberation and independence, I now believe that the Palestinian people can rely on their own strength and on the support of peace-loving people in their advance toward fulfilling their national cause, that is, building an independent state of Palestine with Jerusalem as its capital.

Your country will witness the eighth congress of the Communist Party of Vietnam, which will be held in the beautiful capital of Hanoi on 28 June. On behalf of the Palestinian people and on my own behalf, I wish your eighth congress success. May the people and government of Vietnam under the clear-sighted leadership of the Communist Party of Vietnam continue to record the achievements they have often dreamed about in order to bring about a great future for the Vietnamese people and the world community.

SRV: Cambodian Officials Receive Envoy in Phnom Penh

BK2506023696 Hanoi VNA in English 1406 GMT 24 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 24—President Chea Sim and honorary Chairman Heng Samrin of the Cambodian People's Party (CPP) received in Phnom Penh this morning Vietnamese Charge d'Affaires Nguyen Hong Phong, who presented them the Communist Party of Vietnam (CPV) Central Committee's greetings and Party General Secretary Do Muoi's bouquet of flowers on the CPP's 45th founding anniversary (June 28).

During the reception, President Chea Sim expressed his gratitude to the CPV and Vietnamese leaders for their good sentiment, describing it as a great encouragement to the CPP, a key factor in the process of construction and development of Cambodia along the line of national reconciliation.

He emphasized the traditional solidarity and mutual assistance between the CPV and the CPP, between the Vietnamese and Cambodian peoples who have been side by side even in their arduous struggle against the common enemy for national independence and peace of each country, particularly the great, timely and effective aid of the Vietnamese party, people and volunteer troops to the Cambodian people in overthrowing the Khmer Rouge regime.

President Chea Sim also reaffirmed that Cambodia, now as before would strengthen and develop its friendly and cooperative ties with the Communist Party of Vietnam in the interest of the two parties and countries.

SRV: Editorial Urges Absolute Security for 8th Party Congress

BK2406133396 Hanoi AN NINH THU DO in Vietnamese 16 Jun 96 pp 1, 2

[Editorial:"Protecting Absolute Security for the Eighth National Party Congress is the Responsibility and Great Honor of the Capital Public Security Force"]

[FBIS Translated Text] The party Central Committee's Tenth Plenum has decided to convene the Eighth National Party Congress from 28 June to 1 July 1996 in the capital city of Hanoi. The congress is of great historical significance marking an important turning point of our nation in its process of national industrialization and modernization for the objectives of a prosperous people, a powerful country, and an equitable and civilized society. Protecting absolute security forthe Eighth National Party Congress is the very important task and the great responsibility and honor of the Capital Public Security Force.

Our nation's comprehensive renovation under the party leadership has recorded great achievements over the past years. Stability in the political, economic, and social domains has been further enhanced, thus opening up means and ways for development. Security and order have been firmly maintained; social disciplines have been consolidated step-by-step and applied as routinely. The international situation, however, has developed complicatedly. The hostile forces have strengthened their efforts to undermine our nation's revolution; they are attempting to carry out the "peaceful evolution" scheme using various meticulous and wicked tactics under diversified forms and pretexts. Currently, their schemes and activities are obvious, especially in areas of the capital. The negative side of the market-based economy has caused various issues for us to resolve; criminal activities have developed complicatedly; and corruption and smuggling have prevailed in society.... This situation demands the Capital Public Security Force to make great efforts to satisfactorily ensure security in the capital city, contribute to maintaining political stability, and create a healthy environment and safe and favorable conditions for the proceeding of the Eighth National Party Congress.

Protecting the Eighth National Party Congress must be considered a key task, the highest mission, and the great responsibility and honor of the capital party organization and administration and the People's Armed Forces, especially the Capital Public Security Force. Tasks related to protecting the congress must be placed under the comprehensive and direct leadership of various party committee echelons. Efforts must be made to mobilize the combined strengths of various organizations, mass societies, and the people to uniformly take specialized measures to form a position to actively oppose and effectively attack the hostile forces and criminals, thereby firmly maintaining social order and disciplines.

Units of the Public Security Force, from the city down to the grass-roots level, must satisfactorily and firmly grasp the situation and take effective measures to detect and deal with all sabotage activities of the enemies, resolutely resolve various complicated complaints and denunciations, and clear the troubled spots. The Public Security Force must continue to help various party committee echelons to satisfactorily protect the internal political situation, propagate and enhance the spirit of revolutionary vigilance among the masses, step up the attack against crimes and criminals, and effectively implement the 16th drive of directive 135/HDBT, resolutions nos. 36/CP and 87/CP, and instructions and struggling plans of the director of the Capital Public Security Force. Protecting the Eighth National Party Congress must be carried out before, during, and after its convening. Special attention must be paid to the area and location of the congress so as to provide safety for delegates, documents, and activities of the congress. It is essential to strengthen the management and control over the use of arms, explosives, and ignited substances.... Various echelons and units of the Public Security Force must continue to satisfactorily carry out the political and ideological tasks and mobilize cadres and combatants to outstandingly fulfill the task on protecting the congress. Efforts must be made to strengthen the building, logistics, and information tasks of the force so as to effectively serve the protection of the Eighth National Party Congress.

Living up to its experiences in providing safety for various National Party Congresses, the Capital Public Security Force — with its high sense of responsibility, capability, intelligence, and especially its boundless loyalty to the party, the fatherland, and the people — will unquestionably be able to protect and ensure absolute security for the Eighth National Party Congress.

SRV: Party Delegates Said Unable To Agree on New Leadership

BK2406022396 Bangkok ASIA TIMES in English 24 Jun 96 pp 1, 2

[Report by Andy Soloman]

[FBIS Transcribed Text] Hanoi — Vietnam's Communist Party delegates are meeting in secret, for the few remaining days before their landmark congress, and are still unable to agree on a new leadership which can combine economic reform with continued one-party rule.

If delegates have not reached agreement at the end of the closed session, the party will have little choice but to extend the tenures of all or some of the top three.

The party leadership has repeatedly stressed its desire for new, younger and better-educated leaders to take the country into the 21st century. General Secretary Do Muoi is 79, Premier Vo Van Kiet is 74 and President Le Duc Anh 76.

Security was tight as the pre-congress session began on Saturday. All roads around Ba Dinh meeting hall, opposite the mausoleum holding the embalmed body of president Ho Chi Minh, were closed to traffic and pedestrians. The session, off-limits to foreign journalists and expected to go unreported in the local media, will last until Wednesday.

The four-day public Eighth National Communist Party Congress will open on Friday in the presence of foreign and Vietnamese journalists, diplomats and representatives of foreign communist parties including China's Premier Li Peng.

For the first time, the meeting will be televised live and non- communist parties such as the ruling parties from Sweden, Indonesia, Singapore and Malaysia will participate.

For months, Hanoi has been awash with rumors and denials. Foreign commentators have concentrated on apparent rifts of opinion, while the party has sought to emphasize its leading role. Slogans have proclaimed unity between the party, the government and the people.

For much of its 66-year existence, the party has been preoccupied with fighting foreign influence in the form of the Japanese, the French and the US.

During the past 20 years of peace, apart from during Vietnam's intervention in Cambodia — then Kampuchea — in late 1978 and border clashes with China in 1979, the party has been grappling with how to adapt an austere yet efficient wartime economy to a new world order. The current leaders, referred to in Vietnam as the "generation-and-a-half", are the last to have been directly involved in struggles against the Japanese and French.

The new blood is epitomized by the Ho Chi Minh City party boss, 47-year-old Truong Tan Sang, who is almost assured a seat on the Politburo. They cut their revolutionary teeth during the struggle against the United States and South Vietnam.

During the past two national congresses in 1986 and 1991, the party introduced and developed its policy of doi moi, or economic restructuring. The policy has led to average annual growth of 8.2 percent over the past five years.

The party now recognizes there is also a need to increase democratization within the confines of one-party rule if it is to maintain and strengthen its leading role.

The elected National Assembly, the legislative body, is gradually becoming a more independent body rather than simply serving as a rubber stamp. Debate has increased and a steady stream of landmark legislative moves, aimed at shifting the country toward rule by law rather than decree, has passed through its hands.

"Formerly, due to wartime and the subsidy mechanism, to some extent there was a limitation of democracy in National Assembly activities," said Nguyen Tuc, a member of the Fatherland Front standing committee. "The phenomenon that National Assembly members just listen, agree and nod heads is now no more."

The front is an umbrella organization encompassing Vietnam's 25 mass organizations, including the Communist Party. It has sole responsibility for approving candidates wishing to stand for election to the National Assembly. But the Communist Party holds the front's leadership and, while it is possible for non-party members to have their candidacy approved, the party guides the organization in its decision making processes.

Tuc described 40 of the front's 202 committee members as private entrepreneurs. "After the eighth congress there will be very big steps about democracy in Vietnam, it is certain. Democracy will be further developed and at the same time the legal system will be completed."

Continued legitimacy for the party's rule rests with popular support and reformers would like to see it step back further from the front line of domestic politics. It is officially said to have 2.128 million members, less than three percent of the 74.5 million population.

Many ordinary people are non-politicized and, particularly in the cities, are more interested in making money than in ideological debate about how to marry Marxism-Leninism with capitalism.

After 10 years (of doi moi)... we have about 20,000 bourgeois and we estimate that by the year 2000 there will be about 100,000 bourgeois," Tuc said, referring to people with an annual income of at least two billion dong (US$180,000).

The challenge for the older party ideologues is learning to tolerate and encourage entrepreneurial flair while ensuring continued protection of the bedrock of their revolution: The proletariat.

SRV: Alliance Issues Statement on Dissident's Release

BK1906053296 (Internet) SEASIA Listserv in English 19 Jun 96

["Press Release on Hoang Minh Chinh" from "Free Vietnam Alliance"]

[FBIS Transcribed Text] To support dissidents in Vietnam, especially those former communists that are defying Hanoi dictatorial rule, the Free Vietnam Alliance has been campaigning the international community on their behalf. Free Vietnam Alliance officers have met with various international human rights committees and government officials in the United States, France, Japan, Canada, Australia, Belgium, and Switzerland with callings for more pressure on Hanoi until they release political prisoners like Messrs. Hoang Minh Chinh, Do Trung Hieu, Ha Si Phu, Le Hong Ha, and end Mr. Nguyen Ho's house arrest.

These crusades have caused Hanoi much difficulty and predicament. As recent as at its Worldwide Convention in early June 1996, the Free Vietnam Alliance issued its press release demanding Hanoi to free Mr. Hoang Minh Chinh.

On June 14th, 1996, Hanoi had to release Mr. Hoang Minh Chinh, the former communist party member they arrested a year ago with charges of "abusing his rights to freedom and democracy and causing damage to the national security". Mr. Hoang Minh Chinh strongly protested these charges and claimed himself innocent.

The arrest of Mr. Hoang Minh Chinh was simply Hanoi's revenge after he had repeatedly demanded the communist party leadership to clear the names of people unjustly condemned in the 1967 "revisionists against the Party" trial, as well as to implement democracy, to abandon dictatorship, and to allow a peaceful transition to a pluralistic democracy.

The fact that Hanoi was forced to release Mr. Hoang Minh Chinh during their most critical time prior to the 8th Party Congress is a victory for our struggle. In that spirit, the Free Vietnam Alliance urge all compatriots, organizations, and Vietnamese information agencies to continue to apply even more pressure on Hanoi for an immediate release of all political prisoners in Vietnam, in Bparticular, former party members fighting against the Party.

[Signed] June 14th, 1996 Free Vietnam Alliance

SRV Paper Urges Rearrangement of State-Owned Businesses

BK2306161196 Hanoi VNA in English
1440 GMT 23 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 23 — Communist Party newspaper, NHAN DAN, ran a lengthy article by Professor Dr. Phan Van Tiem, head of the Central Steering Committee for Renewal of State- Owned Businesses on June 18, underlining the need to continue renovating and reorganizing all businesses in the public sector as one of Vietnam's key tasks for economic development in the doi moi [renovation] period. The author also cited the draft political report to be presented to the forthcoming Eighth National Party Congress as saying "the renovation process had for the past ten years posted paramount achievements of important significance, accelerating the pace of socioeconomic development in which the state-owned economic sector played a decisive role and showed its leading role."

In the past five years, the GDP growth rate of the public economic sector was nearly 1.5 times the level of the non-state sector and was much higher and more stable compared to the period before 1991, despite state subsidization and outside financial sources for the public sector being cut short or removed in 1991-95.

The annual GDP growth rate was 0.4 percent in 1977-80, 6.4 percent in 1981-85, 3.9 percent in 1986-90, and 8.2 percent in 1991- 95 while the proportion of the total output value produced by the state-owned enterprises in gross domestic product (GDP) of Vietnam rose from 36.5 percent in 1991 to 41.9 percent last year. This higher proportion has helped the public economic sector to intensify its leading role in a market economy mechanism and accelerate a sustainable and rapid development of the other economic sectors and the national economy as a whole.

The state-owned economic sector has provided the bulk of essential commodities, materials, technical equipment and energy resources for domestic production and import-export. It has also ensured the sufficient supply of most important goods and services for constant development of socioeconomic infrastructure and met the growing demand for production and social life of the whole society, thus helping keep inflation under control.

In addition, the sector has accounted for a large part of import- export volume and foreign investment in the country. In the past five years, export turnover increased by 20 percent annually and foreign investment was valued at $18 billion. However, foreign investment in the non-state economic sector represented only two percent of the projects and less than one percent of the registered capital.

The ratio of industrial output to gross domestic product was brought to 30.3 percent in 1995 from 22.7 percent in 1990 of which the proportion of the state-owned sector rose to 68.8 percent from 52.7 percent. Meanwhile, the services value to GDP jumped to 42.5 percent last year from 38.6 percent in 1990 with a rise in the state-owned sector of 45.9 percent from 42.3 percent.

At present, the number of joint stock, limited liability and private companies in the non-state sector is more than three times higher than the state-owned sector but their registered capital is just only one-tenth of the latter.

This success has been attributed to the constant renovation in the state-owned economic sector to conform to the state's policy of streamlining public enterprises in the current market mechanism. The number of public businesses was brought down to 5,962 in July last year from 12,296 in 1989. Many businesses went bankrupt or were dissolved or merged by the government for operating at a loss.

After reorganization, state-owned enterprises now have an aggregate capital worth VND [Vietnamese dong] 48,880 billion ($4,500 million) or about VND 8 billion for each enterprise. Last year, they employed more than 1.5 million workers. Their total budget contribution increased by 135 percent in 1992, 145 percent in 1993, 130 percent in 1994, and 132 percent in 1995.

In order to continue renovating the state-owned economic sector in the period between now and the year 2000 and beyond, apart from the dissolution of businesses operating at a loss and the merger into giant corporations, efforts should be stepped up to develop businesses in main regions and essential economic branches and sectors which are badly needed for development.

This should be done hand in hand with the renewal of state policies on personnel training, taxation, import-export, bank loans as well as preferential treatment to spur development of this sector. A plan to equitize a number of state-owned enterprises is underway to mobilize more capital, renovate technical equipment and raise economic efficiency. The plan will also help build and develop capital and stock markets in the country in the near future.

SRV: Transport, Communication Service Begins 18 New Projects

BK2406175396 Hanoi VNA in English
1409 GMT 24 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 24—An emulation movement to welcome the 8th National Party Congress has been launched among establishments of the transport and communication service since early this year. To date, the whole service has deployed 18 new projects.

The service has put into operation the Hieu Bridge, Ho Do Bridge, Highways 13, and 8A, Nghen and Nga Bridges.

Besides, bidding procedures are preparing for the construction of Highway 51, Do Luong Bridge, Po Hoi Bridge, the upgrade of Highway 3A, and the construction of Highway 5 from Hanoi to Cam Binh in Hai Hung Province.

The service has also boosted the construction of the Phu Luong, Lai Vu and Gianh Bridges, Highways 1 and 183.

The minister of transport and communications and chairmen of people's committees of provinces signed projects on building rural and mountain roads for each year, striving to make motor roads to reach 100 percent of communes throughout the country by 2000.

SRV: Industrial Areas Build Plants To Meet Electricity Demands

BK2406174696 Hanoi VNA in English
1400 GMT 24 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 24—Three of Vietnam's industrial areas and export processing zones are building their own power plants to meet the demand for electricity in production.

The Tan Thuan Export Processing Zone [EPZ] in Ho Chi Minh City and the Nomura EPZ in the port city of Hai Phong both have power plants under construction, and the Dong Nai EPZ in the south is planning a 214 MW power plant to be constructed by Amata Power Ltd of Thailand, Power Fin SA of Belgium and the Amata Co of Vietnam. The plant's first phase of construction will start in late 1997, and when completed the plant will supply the Amata and Bien Hoa industrial areas in the Dong Nai EPZ with an initial ouput of about 60-70 MW, to be raised to 214 MW by 2001.

Other companies from Thailand and Belgium have also submitted projects to build a power plant capitalised at USD 200 million to provide electricity for a number of industrial areas outside Ho Chi Minh City.

SRV: Acting Head of Ho Chi Minh City People's Committee Named

BK2406174596 Hanoi VNA in English
1402 GMT 24 Jun 96

[FBIS Transcribed Text] Hanoi VNA June 24—Vice-Chairman Vo Viet Thanh of Ho Chi Minh City people's committee has become acting chairman to replace Truong Tan Sang, now elected as the city party secretary.

The new vice-chairman and chairman positions will be decided by the coming city people's council and then submitted to the prime minister for approval.

Australia

Australia: Senator Questions Nuclear Waste Disposal Plan

BK2506025796 (Internet) Australian Broadcasting Corporation Online WWW in English 2144 GMT 24 Jun 96

[FBIS Transcribed Text] A Democrat Senator says she fears the Federal Government plans to dispose of 15-thousand litres of nuclear waste at Woomera, in South Australia.

Senator Meg Lees says the waste is being imported to Australia from Scotland as part of a deal with the Dounreay nuclear facility over the reprocessing of 114 spent nuclear fuel rods.

Senator Lees, from South Australia, says the Federal Government's already indicated that there's room for more waste to be stored at the repository in Woomera.

She says the waste meets the high level classification in the United States, but is being referred to as long lived intermediate level waste by Australia.

Senator Lees is calling for environmental impact statements and community concerns to be examined before Woomera's used to dump the waste.

Australia: Opposition Leader Assails 'Monty Python' Foreign Minister

BK2506075896 (Internet) Australian Broadcasting Corporation Online WWW in English 0116 GMT 25 Jun 96

[FBIS Transcribed Text] Federal Opposition leader, Kim Beazley, has dubbed Alexander Downer the Foreign Minister from Monty Python, saying Mr Downer's behaviour is a shame for the country and that he's out of control.

Mr Beazley says Mr Downer has clearly misled Parliament when he said no Government Minister in Asia had protested against the axing of the development loans — or DIFF [Development Import Finance Facility] — scheme.

Last night, Mr Downer told Parliament he had discussed it with two Senior Indonesian Ministers and they hadn't protested.

Australia: Editorial Regrets Renewed Fighting in Bougainville

BK2506022396 Sydney THE SYDNEY MORNING HERALD in English 25 Jun 96

[Editorial: "For Peace in Bougainville" — received via Internet]

[FBIS Transcribed Text] If the current military operation by PNG [Papua New Guinea] forces in Bougainville had any real chance of success it might be justified, at least as a precursor to negotiations of a new administrative status for the province. But, on past experience, there is little reason to expect it will be other than a period of heavier-than-usual casualties on both sides of a conflict that has already caused too much death and destruction. The PNG Prime Minister, Sir Julius Chan, chides the Australian Government for interference. But the Foreign Minister, Mr Downer, is right to restate, as he did in Parliament last week, the concern that "if there is to be an attempt to achieve a military solution...this will simply exacerbate the situation".

That assessment is realistic, given the complexity of the problem. As Professor James Griffin points out on these pages today, the troubles in Bougainville are not simply a case of secessionists united in their struggle against the national security forces of PNG. There is also a civil war among Bougainvilleans themselves. Yet even though the Bougainville Revolutionary Army [BRA] might well be little more than a band of criminal gangs, as much hated by many Bougainvilleans as it is by Port Moresby, that does not mean that military action to destroy the BRA — if that were possible — will bring peace. Military action without political talks would still leave genuine grievances of Bougainvilleans unattended.

The most the PNG Government can hope to achieve by military action is a temporary retreat by the BRA. But even with that it risks causing new problems. The containment of whole communities in "care centres" while PNG forces set about "mopping up" the BRA is fraught with uncertainty. Unless the "care centres" are managed with extreme discipline — especially self-discipline on the part of those in charge — and are well supplied with the material needs of those held in them, they will become, like the worst kind of concentration camps, overcrowded and unhealthy, thus adding to Bougainvilleans' store of grievances against Port Moresby. And unless the PNG Defence Force shows the utmost discipline in its approach to suppressing the BRA and refrains from the indiscriminate violence that has marred its performance in the past, it will worsen this problem.

Without negotiations with Bougainvillean leaders who can be persuaded there is a future for Bougainville within Papua New Guinea, the present military operations do, indeed, threaten to make the present bad situation worse. But negotiations, if they are to mean anything, would have to be based on some promise of change for Bougainville's status within Papua New Guinea. The tendency within Papua New Guinea, however, is towards less regional autonomy, not more. In this, Port Moresby is reflecting the common experience of many newly independent nations. Weakness at the centre is all too often reflected in counter-productive attempts to assert greater central control, when in fact a carefully measured relaxation of control is the key to unity and strength.

The PNG Government has an extremely difficult task. It is not helped by the confusion among Bougainvilleans themselves. But it should not be tempted by this disarray to think that it can be exploited to reassert control in Bougainville and that the future will be taken care of by a greater military presence. Peace in Bougainville will come through negotiation between Port Moresby and the ablest Bougainvilleans of a political settlement which recognises the legitimate claims of the Bougainvilleans to special status within Papua New Guinea.

Fiji

Fiji: Former British Intelligence Officer Reportedly in Fiji

LD2506132396 Melbourne Radio Australia in English 1900 GMT 24 Jun 96

[FBIS Transcribed Text] A former British military intelligence officer is reportedly in Fiji to review the country's intelligence set-up. He is Julian Fox, a former deputy director of MI5. The DAILY POST newspaper says Mr. Fox will review Fiji's military and police forces. He is already believed to have visited diplomatic missions. Home Affairs Permanent Secretary [name indistinct] is refusing to confirm or deny the report because of its sensitive nature.

New Zealand

New Zealand: Commerce Minister Welcomes Australian Signing of Accord

BK2506030996 (Internet) New Zealand Parliamentary WWW in English 18 Jun 96

["Media release" issued by New Zealand Commerce Minister John Luxton on 13 June; place not given]

[FBIS Transcribed Text] The signing of the Trans Tasman Mutual Recognition Arrangement by all Australian States and Territories at Fridays Council of Australian Governments meeting in Canberra was welcomed by the Minister of Commerce, Hon [Honourable] John Luxton.

The Trans Tasman Mutual Recognition Arrangement is based on the principles that any good able to be sold legally in New Zealand could be sold legally in Australia, and vice versa; and that any person registered to practise an occupation in New Zealand could practice an equivalent occupation in Australia, or vice versa.

The Trans Tasman Mutual Recognition Arrangement is good for New Zealand and New Zealanders. It will significantly reduce impediments to trade between New Zealand and Australia, Mr Luxton said today.

It has the potential to be of great benefit to New Zealand exporters and to New Zealanders working in Australia. It will also reduce the paperwork required in gaining access to that market.

Mr Luxton confirmed that New Zealand will be signing the Arrangement in the near future. Once all parties have signed, implementing legislation will be introduced to both the New Zealand and the Commonwealth Parliaments.

New Zealand: Foreign Minister Urges 'Restraint' in Bougainville Conflict

BK2506022596 (Internet) New Zealand Parliamentary WWW in English 21 Jun 96

[Press release issued by New Zealand Foreign Minister Don McKinnon on 21 June; place not given]

[FBIS Transcribed Text] Commenting on reports of a major military offensive on Bougainville island Foreign Minister Don McKinnon called for restraint.

Military means will never provide a lasting solution to the problems on Bougainville and will only prolong the suffering of its people, Mr McKinnon said.

New Zealand deplores any illegal border crossings and armed incursions into the territory of another country. That this has reportedly occurred between two of our close neighbours and friends is deeply disquieting, he continued.

Getting the peace talks back on track should have the highest priority. This obviously requires political will and a readiness to make concessions by all the parties.

Mr McKinnon said he has asked New Zealands representatives to convey this message to the relevant Governments and said he would be keeping a close eye on developments.

Papua New Guinea

Papua New Guinea: Rebels Reportedly Killed in Bougainville Offensive

BK2206100696 Sydney THE SYDNEY MORNING HERALD in English 22 Jun 96

[Report by Greg Roberts — received via Internet]

[FBIS Transcribed Text] Thirteen fighters of the Bougainville Revolutionary Army (BRA) were reportedly killed early yesterday as hundreds of PNG [Papua New Guinea] troops mounted an unprecedented military offensive against the rebels.

According to BRA sources, the men were killed near Orio village, 30 kilometres south-east of the disbanded Panguna copper mine in central Bougainville, in an area that has long been a BRA stronghold.

It was not possible to obtain independent corroboration of the number of casualties but PNG military sources said there had been clashes near Orio. They had been unable to confirm the number of dead, or whether casualties included defence force personnel.

Troops moved on Thursday [20 June] night from three points on the island's south-eastern coast towards BRA bases.

Other troops moved towards the same targets from Torikina, an American base during World War II on Bougainville's west coast.

More than 1,300 troops and police are involved in the offensive aimed at eliminating between 200 and 400 BRA fighters hidden in the island's rugged mountainous interior.

It was the first major offensive since an 18-month ceasefire ended in March this year, triggering the collapse of peace talks to settle the six-year conflict which secessionists say has claimed thousands of lives.

A diplomatic row between Australia and PNG over the offensive continued, with the Commander of the PNG Defence Force, Brigadier Gerry Singirok, rejecting an offer by the Australian High Commissioner in Port Moresby, Mr David Irvine, for the Federal Government to mediate.

The head of PNG's Foreign Affairs Department, Mr Gabriel Dusava, told Mr Irvine during a meeting in Port Moresby Bougainville was an internal PNG matter.

The Minister for Foreign Affairs, Mr Downer, declined to respond yesterday to a claim by his PNG counterpart, Mr Kilroy Genia, that Canberra regarded PNG as "just an appendage" of Australia.

Australia's concerns about the offensive were backed by the Prime Minister of Bougainville's neighbouring Solomon Islands, Mr Solomon Mamaloni, who called on his PNG counterpart, Sir Julius Chan, to return to the negotiating table.

"The new military offensive will only affect the lives of innocent women and children on the island," Mr Mamaloni said.

The BRA claims Australian-supplied patrol boats, Iroquois helicopters and other military equipment has been used extensively in the build-up to the offensive.

A spokesman for the Minister for Defence, Mr McLachlan, said apart from an agreement that helicopters were not be used as gunships, there were no conditions on the use of Australian-supplied military equipment in Bougainville.

Papua New Guinea: Troops Reportedly Execute Former Bougainville Rebels

BK2406072996 Melbourne Radio Australia in English 0500 GMT 24 Jun 96

[FBIS Transcribed Text] The Papua New Guinea [PNG] Government-recognized transitional premier of Bougainville says he has been told the PNG troops executed eight young former rebels in the northwest of the island last week.

Sean Dorney reports that the alleged killings followed a local dispute in which one of the chiefs in the area invited the soldiers to come in sort out the problem:

[Begin recording] [Dorney] The alleged execution of the former rebels took place well away from the target area in the current High Speed II military operations in the mountains of south central Bougainville. This was in the northwest. Bougainville Transitional Premier Theodore Miriung told me his source was a representative to the area on his transitional government:

[Miriung] I was told by Chief (Silatho), who is also an [word indistinct] member of Bougainville Transitional Assembly, there were eight young men killed by security forces at northwest area of Bougainville near Kunua. [end recording]

Papua New Guinea: Further on Executions of Reformed Rebels

LD2406134596 Wellington Radio New Zealand International in English 0700 GMT 24 Jun 96

[FBIS Transcribed Text] It's been reported that reformed rebels have been executed by Papua New Guinea [PNG] security forces on Bougainville and local leaders have been blamed. The slaughter at Sipai, near

Torakina on the west coast, has been confirmed by the [word indistinct] Bougainville transitional government Theodore Miriung. Miriung is blaming a chief who was brought in to sort the situation out as inadequate and responsible for the deaths.

Security force officials at Buka and Loloho have refused to comment on the reported executions. Force sources, speaking on condition of anonymity, say the shooting happened around six o'clock last Wednesday [19 June] night after an argument had broken out between local people at Sipai.

The source says the army intervened and eight reformed rebels were taken away and shot. The rebels surrendered two years ago but kept their weapons.

Meanwhile Theodore Miriung is denying PNG Defense Force's reports that he has been placed under house arrest. Theodore Miriung says he has been warned that his life is in danger from some PNG soldiers who feel he's too sympathetic to the Bougainville rebels.

[Begin Miriung recording] They are killing my people. I am in a...I am their prisoner in a house. So they are saying I am in a house arrest. And I say that is complete lie [words indistinct] they order me not to go to the [words indistinct] on the grounds that I could be killed by the soldiers [words indistinct] if some of them would be injured. [end recording]

Theodore Miriung says he has no enemies and will take no extra security precautions.

Papua New Guinea: Defense Commander Orders Probe of Alleged Executions

BK2506092096 (Internet) Australian Broadcasting Corporation Online WWW in English 0319 GMT 25 Jun 96

[FBIS Transcribed Text] Allegations that eight young Bougainvillian men were executed last week are to be investigated.

The Commander of the Papua New Guinea Defence Force [PNGDF] has ordered an immediate investigation, and wants a report on the alleged incident by Friday.

The reports of the killings were made yesterday by Bougainville's Premier, Theodore Miriung.

He said troops based near Kunua on the island's north-west coast had killed eight former members of the BRA [Bougainville Revolutionary Army], when called in by a local chief to sort out a dispute.

The PNGDF Commander, Brigadier General Jerry Singirok, says he's treating the allegations with concern.

Papua New Guinea: Troops in 'Fierce Fighting' With Bougainville Rebels

BK2506013596 Sydney THE SYDNEY MORNING HERALD in English 25 Jun 96

[Report by Greg Roberts — received via Internet]

[FBIS Transcribed Text] Fierce fighting was reported late yesterday between Papua New Guinean [PNG] troops and rebels of the Bougainville Revolutionary Army (BRA) near the central Bougainvillean village of Orio.

Between 100 and 200 troops were believed to be engaged in a concerted effort to eliminate the BRA from one of its most important strongholds in the area, 30 kilometres south-east of the disbanded Panguna copper mine.

The PNG Defence Ministry refused to respond yesterday to claims from BRA sources that 13 people — rebels or their civilian supporters — were killed during a clash in the area late last week.

The ministry also refused to comment on the apparent extrajudicial killing of eight former BRA members in a Government-controlled "care" centre last Wednesday in the north-western village of Sipai.

The men were shot dead the day before the launching of Operation High Speed, the offensive involving more than 1,300 troops and police aimed at eradicating the BRA.

Bougainville Transitional Government sources on Buka said the motive of the PNG soldiers who shot the men remained unclear because the victims were thought to have long switched allegiance from the BRA to PNG.

The BRA claimed in a statement yesterday that the military had heavily shelled several villages along the island's central coast between the towns of Aropa and Koromira from an Australian-supplied patrol boat. No details of casualties or the extent of damage were available.

The rebels claimed on Sunday that another patrol boat was crippled by their cannon fire.

The BRA's military commander, Mr Sam Kauona, said his forces had "moved to offensive mode" to counter the operation.

A spokesman for Australia's Minister for Foreign Affairs, Mr Downer, said the Federal Government regretted the outbreak of hostilities, and repeated Australia's offer to mediate to find a peaceful resolution to the seven-year conflict.

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